Austria ... Sch. 16	Indonesia .. Rp 2600	Portugal ... Esc 80
Bahrain .. Din.0 650	Italy .... L 1300	S. Arabia .. Rls 6.00
Belgium ... BFr.42	Japan Y550	Singapore . S$ 4.10
Canada ... C$1.00	Jordan ... Fils.500	Spain ..... Pta 110
Cyprus ... C£0.60	Kuwait ... Fils.500	Sri Lanka ... Rup 30
Denmark .. Dkr.7.25	Lebanon .. £L 8.00	Sweden .. Skr 8.50
Egypt .... E£1.00	Luxembourg . LFr.42	Switzerland SFr2.20
Finland .. Fmk 6.00	Malaysia .. Rls 4.25	Taiwan ... NT $95
France .. FFr. 8.00	Mexico .. Pes. 300	Tunisia .. Din 0.600
Germany . DM 2.20	Morocco .. Dr 6.00	Turkey .... L 210
Greece ...... Dr 70	Netherlands . Fl 2.60	U.A.E. ... Dh 6.50
Hong Kong . HK$ 12	Norway .. Nkr. 8.00	U.S.A. $1.00
India .... Rup. 15	Philippines . Pes. 20	

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,703 — Friday August 16 1985 — D 8523 B

Albania: Europe's heart of darkness, Page 10

World news

Business summary

Gandhi achieves Assam settlement

Indian Prime Minister Rajiv Gandhi achieved his second political coup in a month by finalising n settlement to ease communal unrest in the north-eastern state of Assam where 3,000 people died in violence in 1983.

Three weeks ago be negotiated a settlement for the troubled northern state of Punjab whose ethnic problems have lain behind extensive terrorist activity by Sikh militants.

In Assam tens of thousands of illegal immigrants from Bangladesh will have to be relocated, and state assembly elections called. Page 12

Nyerere's successor

Tanzanian President Julius Nyerere appointed vice-president Ali Hassan Mwinyi, a Moslem and president of the island of Zanzibar, to succeed him when he stands down in October.

Ruiz Mateos loses

West Germany's constitutional court rejected the plea by Spanish financier José Maria Ruiz Mateos against extradition. Ruiz Mateos is wanted by Spain on charges arising from the near-collapse of his Rumasa business empire. Page 2

Taiwan resignation

Taiwan's Finance Minister Loh Jen-kong resigned, taking responsibility for the country's biggest bank scandal. Page 3

Terrorist identified

West German police said that one of the country's most wanted terrorists, Sigrid Sterneback, is believed to have driven the car used in last week's fatal bomb attack on a U.S. air base. Page 2

Radio mast bombed

A bomb damaged an American forces radio mast at a U.S. Army base near Mönchengladbach on West Germany's border with the Netherlands.

Car bomb attack

A suicide car bomber attacked four pro-Israeli militiamen when he tried to ram their post at Beit Yahoun oo the edge of Israel's self-declared security zone in south Lebanon. Their condition is not known.

Mayor freed

East Germany freed a West German mayor from North Hesse who was serving a six-year jail term for his part in a family's flight to the West.

Party evicted

Zimbabwe's opposition PF-Zapu party, headed by Joshua Nkomo, was evicted from its Harare office for allegedly failing to pay rent.

Storms lash Germany

Two women were killed and at least 11 people injured when the worst August storms in a decade hit northern Germany.

Peru cocaine haul

Peruvian drugs police seized five aircraft, three airstrips and two cocaine factories in a swoop against traffickers on the Amazon river close to Colombia and Brazil. Page 4

Iran oil terminal hit

Kharg Island, Iran's main oil export terminal, was hit in an Iraqi air attack. Iraqi claims that it was destroyed were unconfirmed.

Powerboat 'sinking'

British powerboat Virgin Atlantic Challenger, trying to beat the record for the fastest Atlantic crossing, ran into a storm off the west coast of England and was reported sinking.

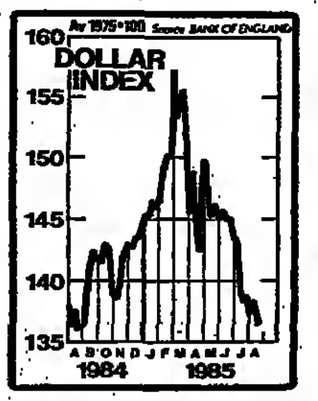
Industrial output in U.S. up 0.2%

U.S. INDUSTRIAL production crept up 0.2 per cent in July, casting new doubt on the Reagan Administration's predictions of a strong economic rebound in the second half. Page 4

LONDON equities were boosted by lower local and European interest rates. The *FT Ordinary share index* added 10.7 to 976.7. Gilts were firm. Page 30

TOKYO investors continued to display renewed confidence. The Nikkei-Dow market average rose 64.38 to 12,484.02. Page 30

WALL STREET: The Dow Jones industrial average closed up 0.78 at 1,317.76. Page 30



DOLLAR was weaker in London, falling to DM 2.763 (DM 2.789), SwFr 2.285 (SwFr 2.301), FFr 8.4425 (FFr 8.5325) and Y237.05 (Y237.85). On Bank of England figures, the dollar's exchange rate index fell from 137.0 to 136.5. Page 23

STERLING benefited from the dollar's decline in London, gaining 1.1 cents to $1.396. It also rose to Y331.0 (Y329.0), was unchanged at DM 3.855 and fell to SwFr 3.16 (SwFr 3.18) and FFr 11.785 (FFr 11.79). The pound's exchange rate index rose to 81.9 from 81.7. Page 23

GOLD rose $4.75 in the London bullioo market to $331.00. It was also higher in Zurich at $330.75. In New York the Comex October settlement was $336.20. Page 22

ISRAEL's inflation rate reached an all-time record for a single month in July when prices rose by 27.5 per cent, the first month of a government emergency economic plan. Page 3

U.S. and Singapore officials began talks on plans to prevent high-technology products reaching the Soviet bloc. Page 4

BMW, the Munich-based car manufacturer, reported a sharp rise in first-half output and sales and is expecting a further satisfactory result for 1985, after the DM 164.8m ($59.3m) profit last year. Page 13

KLM Royal Dutch Airline increased first-quarter earnings by 29 per cent to Fl 115.1m ($36.8m) despite stoppages by Amsterdam air-traffic controllers. Page 15

NOVO, the Danish insulin and industrial enzymes manufacturer, predicted a decline in full-year profits for the second successive year, as a result of tough competition. Page 13

GREYHOUND Corporation, the Phoenix-based conglomerate, announced cuts to the size of its Greyhound Lines, the world's largest intercity bus service, in an effort to counter the slump in its business. Page 13

FAIRCHILD Industries, the U.S. aerospace company involved in a joint development project with Saab-Scania of Sweden, lost $82m bin the second quarter against a *profit of $7.3m previously*. Page 13

INTERNATIONAL Harvester increased its net income from continuing operations in its third quarter by 81 per cent to $29m. Page 13

Wn regret full New York stock price listings were not available for this edition *due to communication* problems.

Botha rules out major changes in apartheid

BY MICHAEL HOLMAN IN JOHANNESBURG AND JIM JONES IN PRETORIA

PRESIDENT P. W. Botha of South Africa last night delivered a low-key address likely to fall short of *hopes at home and abroad* that an announcement of new moves away from apartheid would help quell turmoil in the country – which has cost more than 700 lives since September.

In n generally cautious address, more attuned to a domestic party political meeting than an expected live international television audience of hundreds of millioas, Mr Botha made it clear from the start that he would not be setting out either a new policy framework or making any new concessions.

"Any future constitutional dispensation providing for participation by all South African citizens should be negotiated," he said. But he refused to elaborate on what this would entail.

"I say it would be wrong to he prescriptive as to structures within which participation will have to take place in future." Mr Botha also said he would not place a time limit on negotiations.

The President, contrary to some expectations, reasserted his belief in the policy of independent black homelands. "I firmly believe that the granting and acceptance of independence by various black peoples ... represent a material part of the solution."

He acknowledged that homeland states rejecting what he described as independence would remain part *of South Africa and their residents* would remain South African citizens.

Mr Botha categorically rejected a one-man, one-vote principle in a unitary system: "That would lead to domination of one over tha others and it would lead to chaos," he said.

He acknowledged, however, that black communities in urban areas represented a particular problem: "The future of these communities and their constitutional arrangements have to be negotiated."

Mr Botha declined to tackle the contentious subject of laws which control the movement of blacks: "I can only say that the present system is out-dated and too costly."

His Government was considering "improvements." This statement fell far short of hopes that influx control measures might soon be abolished.

Mr Botha, under an international spotlight during his speech to the Natal congress of the ruling National Party, was undergoing what has been widely seen as the most critical test of a south African leader in the country's history.

Although the Government has attempted over the past few days to dampen hopes that his speech would outline major reforms, it also concedes that reaction at home and abroad will have a major impact on South Africa.

This speech msy *also fail to satisfy* Mr Botha's white electorate, already deeply divided about the merits of reform, with some – led by Dr Andries Treurnicht of the right-wing Conservative Party – arguing that even the tentative changes to apartheid introduced so far represent a threat to white power, while *members of the National Party* are uncertain about where the reforms will actually lead.

With three by-elections due in seats which are vulnerable to the increasing Conservative Party challenge, Mr Botha may have taken party political issues into consideration as much as world opinion.

Mr Botha reaffirmed his refusal to release Mr Nelsoo Mandela, the detained nationalist leader, unless he made a commitment to non-violence.

Mr Botha concluded his address with the assertion that his Government was "determined to press ahead" with its reform programme. "I believe that we are today crossing the Rubicon; there can be no turning back," he said.

The first reponse of observers was that there was no evidence in the speech of any significant policy change. A fundamentally opposed assessment, however, came from Mr Pik Botha, the Foreign Minister, who described the speech as "the most important address ever delivered *in South Africa by a white government* since the arrival of Van Riebeck in 1852" – which marks the origins of the white community in South Africa.

Mr Botha's speech was deliberately played down in advance by the Government, seeking to dampen hopes of a major policy statement. *South African television* reversed at the last minute a decision to show only edited highlights in the evening, and provided a live broadcast.

The indecision on the part of the state-controlled media reflects Mr Botha's acute problem. Whatever be said was almost certain to antagonise *one* or other section of South Africa's communities, whether it be blacks who demand radical changes; a black moderate such as Chief Gatsha Buthelezi seeking rapid constitutional reform; or the right-wing white parties.

Speaking to the same congress earlier, Mr Chris Heunis, Minister of Constitutional Development and Planning, ruled out any repeal of the Group Areas Act in the immediate future, thus further reinforcing the cautious note struck later in the day.

South Africa debt falls, Page 3; Editorial comment, Page 10

Key German rates are cut by ½ point

BY JONATHAN CARR IN FRANKFURT

THE West German Bundesbank *yesterday cut its key lending rates* for the first time in more than two years and urged the banks to pass on the benefit speedily to their customers.

Herr Karl Otto Pöhl, the central bank's president, stressed that lower interest rates generally would help boost the economy – not least the crisis-ridden building sector.

His comments were endorsed by Dr Gerhard Stoltenberg, the Finance Minister, who noted that Germany now bad, with Switzerland, the lowest discount rate in the world and, with Japan, the lowest rate of price increases.

The Dutch central bank also trimmed its discount rate by a balf percentage point to 5 per cent yesterday, the first cut in 2½ years.

Under the decision of the policy-making Bundesbank council, the discount rate – which the Bundesbank charges the banks for medium term borrowing – is cut by half a percentage point to 4 per ceot.

The lombard rate, which is charged for temporary injections of liquidity to the banks, also goes down by half a point to 5.5 per cent. The rate the central bank offers the banks for securities repurchase deals falls from 4.8 per cent to 4.6 per ceot.

Herr Pöhl said the cuts were not part of a co-ordinated drive for lower interest rates generally within the European Monetary System (EMS) countries. But Bundesbank officials noted that other EMS members now had more scope to make cuts, if they wished to use it.

The central hank last dropped its key rates in March 1983 – discount to 4 per cent and lombard to 5 per cent – but it later raised them again, oot least because of the soaring dollar, capital outflows from Germany and the danger of imported inflation.

However, the dollar is now down to well below DM 2.80 – compared with n high of DM 3.47 in February – and Herr Pöhl stressed there had been n striking turnround in the capital account.

Herr Pöhl noted that in May and

Continued on Page 12

West German bank profits, Page 2

The Bank of England signalled that it was not yet prepared to see n further fall in UK interest rates despite n fall in the most closely watched measure of the money supply last month. British building societies, meanwhile, signalled n 1¼-point cut in interest rates on home loans. Page 5

Tokyo orders inspection of Boeing 747 fleets

BY CARLA RAPOPORT IN TOKYO

THE JAPANESE Government yesterday ordered an inspection of all Boeing 747 jumbo jets in the country, concentrating on the tail section of the aircraft, following growing evidence about the cause of this week's crash in which 520 people died.

Attention was focused yesterday on the upper part of the tail section of the crash aircraft, which investigators think may have been damaged in a previous incident at Osaka airport *in 1978. That* year, the ill-fated aircraft bounced during a landing, dragging its rear section for about 400 metres, causing cracks in the outside panel and mainframe of the rear section.

Japan Air Lines executives have maintained that the aircraft was then fully repaired by a team of Boeing engineers before it was returned to service, but a crash investigator pointed out yesterday that the upper part of the rear section had been left untouched because it had not apparently incurred any damage.

The aircraft lost nearly two thirds of its tail section while flying over Sagami Bay, south-west of Tokyo, according to a photograph taken by an eyewitness and released yesterday. Four pieces of debris have already been found in the bay. The jetliner was flying out of control for as long as 30 minutes before it crashed into the mountains, according to a survivor.

Japan Air Lines said yesterday it would complete investigations into its fleet of 48 Boeing 747s, the largest fleet in the world, by next Tuesday. Three other local airlines with a total of 21 Boeing 747s will also do tests. The aircraft were not ordered to be grounded.

Crash investigators, who included a five-man team from Boeing and two representatives each from the U.S. Federal Aviation Administration and the National Transportation Safety Board, were yesterday expected to scrutinise a small component which links the tailplane to the aircraft fuselage.

The component, made of an aluminium alloy and about 15 inches long and less than one inch in diameter, is situated in the cabin ceiling immediately above where the surviver, Mrs Yumi Ochiai, an off-duty stewardess, was sitting. She reported that she heard a bang above her just before the aircraft started to pitch and roll.

Violent shaking caused by such a part's failure could have triggered a cockpit light which would have indicated cabin door failure – which the pilot reported to air traffic cootrol before the crash. The cabin door was later found intact.

● The Japanese Transport Ministry had unofficially decided to appoint Mr Naoshi Machida, vice-president of JAL, as the airline's president

Grounding of jumbo jets unlikely, Page 4

Warning of violence to come

By Michael Holman in Johannesburg

MRS WINNIE MANDELA, wife of the imprisoned black nationalist leader Nelson Mandela, yesterday predicted worse violence ahead if *President P.W. Botha failed* to meet black demands in last night's Durban policy speech.

Speaking before the delivery of the speech, she said that if President Botha disappointed the black majority, "he will plunge South Africa into the worst violence any country has ever seen." Mrs Mandela issued the warning at a Johannesburg press cooference yesterday, following a visit Wednesday to see her husband, leader of the banned African National Congress (ANC), at his Pollsmoor, Cape Town prison.

She made it clear that Mr Mandela, *whose possible release had* been the subject of speculation, would

Continued on Page 12

Weaker $ poses choices for Europe

BY PHILIP STEPHENS IN LONDON

THE applause for yesterday's decision by the Bundesbank to cut its official interest rates was oot confined to members of the Government and industrialists in West Germany.

The reduction, the first for more than two years, also brought a quieter welcome in Paris, London, Brussels and a oumber of other European capitals.

Although the Bonn Government's key aim was to keep its domestic economy moving, the hope elsewhere was that the move will eventually pave the way for a general fall in European borrowing costs if the dollar continues to weaken.

European governments have been reaping the benefits of a weaker dollar for some mooths. It was the steady fall in wholesale, or money market, interest rates in Germany, encouraged by the Bundesbank, which paved the way for yesterday's cut in official rates.

Uotil late last month the French and Belgian governments were also encouraging a general ratcheting down of their domestic borrowing costs. And yesterday, the Dutch central bank followed West Germany's lead with a half poiot cut in its discount rate to 5 per cent.

Britain is deliberately pursuing a high interest rate policy to squeeze out the present surge in its inflation rate, but the Treasury has none the less reacted to the dollar's recent weakness with a one point cut in interest rates.

In recent weeks, however, that general trend has been threatened by tensions in the European Monetary System caused by the relative strength of the D-Mark against the French and Belgian francs.

In the wake of the last mooth's

Continued on Page 12

Lex, Page 12; Money markets, Page 23

Denmark's budget deficit set for further decline in 1986

BY HILARY BARNES IN COPENHAGEN

DENMARK's budget deficit will fall *sharply again in 1986 and government* expenditure in real terms will remain unchanged for the third successive year, according to the 1986 draft budget presented yesterday by Mr Palle Simonsen, the Finance Minister.

"This is a remarkable achievement," Mr Simonsen said. "No other country in the OECD has succeeded in stopping the growth of public expenditure during these three years."

The budget deficit, which was DKr 55bn or 11 per cent of the gross domestic product in 1982 when the present non-Socialist coalition Government took office, will fall from DKr 36bn ($3.6bn) this year to DKr 26bn in 1986, 4.2 per cent of GDP, according to the budget.

A continued high level of economic activity is predicted for 1986. Real business investment is forecast to grow by 6 per cent, exports by 5 per cent and private consumption by about 1.5 per cent.

Inflation should fall from 4.7 per cent his year to 1.8 per cent as the *result of the government's tough* spring incomes policy measures, but real wages would increase for the first time in 10 years, according to the budget.

The opposition Social Democrats criticised the budget for failing to introduce measures to tackle the rising current balance of payments deficit, which reached a record DKr 12.7bn in the first half of this year. The Finance Minister said, however, that the budget represented a tight fiscal policy. He repeated earlier promises to achieve a balanced external current account to 1988.

Budget expenditure next year *will rise to DKr 243.7bn from DKr* 240.7bn, or by 1.2 per cent (in current prices).

Revenue will rise from DKr 204.4bn to DKr 217.2bn, or by 6.1 per cent. A DKr 7bn increase in corporate income tax revenue, reflecting both rising profits and an increase from 40 per cent to 50 per cent in the corporate income tax rate, announced in March, is the *main factor behind the rise.*

Total taxes as a percentage of GDP will rise slightly to 48 per cent next year. In 1982 they were 44.4 per cent.

Falling interest rates mean that for the first time for 10 years interest outlays will stabilise, at DKr 55.5 bn next year. Rates on government bonds are down to 10 per cent after soaring to 23 per cent in the autumn of 1982.

Mr Simonsen attributed the Government's success in controlling public expenditure to reforms of the budgetary process, including a cash ceiling on total expenditure. This has forced each ministry to find savings on some programmes whenever it has to increase outlays on others.

A ceiling of DKr 104,500 since 1982 on the maximum annual rate for unemployment benefit has also made a significant contribution to controlling expenditure.

Faroe islanders prosper, Page 2

CONTENTS

EUROPEAN NEWS

W. German terrorists may have regrouped

By Rupert Cornwell in Bonn

A FRESH bomb attack at a U.S. army supply depot early yesterday has heightened fears in Bonn that West Germany's extremist left terrorists have successfully reorganised themselves for a menacing new offensive, aimed particularly at American military installations and personnel in the country.

The blast, at a depot in Mönchengladbach in north-west Germany, comes hard on the heels of the car bomb explosion at the U.S. army's Rhein-Main air base, adjoining Frankfurt airport, in which two Americans were killed and a further 20 people injured.

Responsibility for that attack was claimed jointly by the West German Red Army Faction extremist group and the French Action Directe organisation.

There are strong indications moreover that a U.S. soldier murdered shortly before had been killed by Red Army Faction terrorists so that they could use his military identification card to gain access to the Rhein-Main base.

So far, no one has claimed responsibility for the explosion at Mönchengladbach, close to the headquarters of the British Army of the Rhine (BAOR) at Rheindahlen.

Although a broadcasting mast was seriously damaged, no one was injured. A second explosive device nearby was later discovered and defused before it could go off.

What really alarms the authorities, however, is that this latest incident is the ninth, successful or attempted, against U.S. and Nato installations in West Germany so far this year.

The Frankfurt attack, moreover, bore hallmarks that the Red Army Faction had dropped its previous strategy of concentrating on symbolic targets for a more random and ruthless terror campaign.

The Federal Criminal Office in Wiesbaden has already sent a circular to security forces in West Germany, warning them that the Rhein-Main attack was not an isolated incident, and that further ones "of a different quality" were to be expected in future.

Bid to hold down taxes in Ireland

By Our Dublin Correspondent

THE IRISH Government's determination not to allow increases in the overall tax burden lies behind its decision to impose a 12-month pay freeze on public-sector workers.

Ministers plan to fend off attacks from the opposition and trade unions angered by the freeze, by inviting them to choose between additions to the already high personal tax levels or job losses.

The national airline, Aer Lingus, will be told it may have to choose between paying an 8 per cent award granted through arbitration and continuation of the loss-making North Atlantic route, on which 20 per cent of Aer Lingus staff are employed.

Ireland's coalition government took the decision to stick to its target of no pay rise for public-sector workers next year when ministers met on strategy recently.

Trade union reaction has been hostile, with warnings of severe disruption

Ministers are also unsure about the degree of backbench reaction, especially from Labour, the junior partner in the coalition.

There is time for behind-the-scenes negotietion before the freeze begins and speculation that the Government might settle for increases of 4 per cent or lass.

There seems little chance of holding the private sector to the suggested 2 per cent, given that average earnings rose 9 per cent last year.

Irish inflation looks likely to fall below 5 per cent this year, and it is feared competitiveness will be eroded by high wage increases in circumstances where any devaluation would prove difficult.

WEST GERMAN GROUP MAY SUPPLY INSTRUMENTS PACKAGE

Dornier holds talks on Star Wars

BY PETER MARSH

DORNIER, the West German aerospace group, is talking to the U.S. Defence Department about supplying a sophisticated $20m instruments package for use in President Ronal Reagan's Strategic Defence Initiative—the so-called Star Wars programe.

The package was originally developed as part of a joint U.S.-European programme in space science. It could be applied, so Pentagon planners think, to the difficult task of tracking fast-moving missiles in space, an essential part of the Star Wars research.

Representatives from Dornier have had at least three meetings with Pentagon officials over the past two months, two of them at the company's space-systems headquarters in Friedrichshafen and the other at Cape Canaveral, Florida, the main launch site for the U.S. fleet of space shuttles.

The U.S. officials are from the Pentagon's Organisation, the body overseeing the $26bn research programme.

The extent of U.S. interest in Dornier's expertise is indicated by the presence at two of the meetings of Dr Louis Mafquet, head of the SDI Organisation's directed-energy research office.

Dr Marquet's job is to devise ways to shoot down Soviet missiles using beams of lasers or charged particles travelling at or near the speed of light. Such weapons could form the basis of a defence system that could be installed around the year 2000.

Herr Wolfgang Pittelkow, marketing manager for space systems at Dornier, said yesterday that the company hoped to finalise details of a sale to the U.S. over the next few months.

One option Dornier is studying is to arrange to sell the instuments package in partnership with a U.S. defence contractor.

The negotiations between Dornier and the Defence Department are one sign of the Pentagon effort to interest European companies in joining the Star Wars programme. U.S. officials have drawn up lists of key technologies for Star Wars in which European companies and university researchers have special expertise.

At the same time as talking individually to companies and academic scientists, the Pentagon is negotieting with West European governments over the terms on which any European partnership in Star Wars will take place.

Some observers feel that by whipping up interest in the programme among companies which feel they have expertise to offer, the SDI Organisation is putting pressure on governments to join in the programme on less than favourable terms. For instance, any agreements that emerge with companies such as Dornier may fail to include provision for sharing technologies developed during the programma with West Germany and other Nato countries.

The Dornier hardware in which the Defence Department is interested would be based on the Instrument Pointing System, a tracking device which the company developed in e 10-year programme for the European Space Agency (ESA), an 11-nation body involved solely in civilian space applications.

The device ensures that scientific instruments such as radiometers point accurately at astronomical bodies such as the sun. The system, which uses special gyroscopes made by Ferranti in Edinburgh, can point with an eccuracy of 10 cm over a distance of 100 km.

The National Aeronautics and Space Administration, the U.S. civilian agency for space activities, was handed two of the systems as part of a deal with ESA. The first of the devices was tested in space during e shuttle flight devoted to scientific measurements that ended eearlier this month.

Spain to decide on fighter by month's end

BY DAVID WHITE IN MADRID

FRANCE and Spain held last-ditch consultations yesterday on the European fighter project in which only Britain, West Germany and Italy have committed themselves to going ahead.

Talks on the project between M. Charles Hernu, French Defence Minister, and his Spanish counterpart, Sr Narcis Serra, coincided with the expiry of the two-week period provisionally given to the two countries to make up their minds.

However, M. Hernu told Spanish radio he did not consider this to be a firm deadline and that the Spanish Government has indicated it will hold its decision to the end of the month.

M Hernu arrived on Wednesday on a surprisa visit to Majorca, where Sr Serra is on holiday.

Sr Serra is believed to have made clear Spain's continuing desire to be associated with the European project.

Defence experts consider Spain's hesitation is esentially political rather than technical in nature. The split between the major partners at their meeting in Turin at the beginning of the month created a dilema for the Spanish, wanting neither to squander the opportunities the joint project would provide to their aerospece industry, nor to jeopardise a new-found entente with Paris.

It is evident that Spain would have no objections of its own to the project if France were to participate, and probable, in the view of defence experts, that it will join even if France does not.

Spanish officials have been in active contact with the three other partners in what appears to be a remote hope of bridging differences between them and France.

There was speculation that France might press Spain to become a partner in the French Rafale fighter propect, which envisages a much lighter aircraft than the Spainsh airforce requires. However, Spanish officials have up to now denied this was under consideration as an alternative.

If it decides to participate in the European fighter programme, Spain is expected to take about 100 of the aircraft.

Italy's index of wholesale prices ends ten-year rise

BY OUR ROME CORRESPONDENT

ITALY'S monthly index of wholesale prices has stopped rising for the first time in 10 years. The June level was the same as in May. This compares with an increase of 0.3 per cent in June last year, and brings the annual rise in wholesale prices down to 8 per cent, against 8.3 per cent at the end of May.

The index rose sharply earlier this year due to the effects of bad weather on fruit and vegetable prices, taking the annual price rise to 8.9 per cent in March from 7.9 per cent at the end of February.

Stationary wholesale prices in June are attributable to seasonal factors. The stability of the index for agricultural products was due to a fall in the price of cereals, of vegetables, which were in particularly abundant supply, and of meat, for which demand was lower. Forecasts for July point to further big reductions in foodstuff prices.

There was a very small rise in the wholesale prices of non-agricultural products, which have the greatest weighting in the index. The increase of 0.1 per cent in June was caused mainly by price rises for clothing and chemicals products, partly compensated for by a 1.4 per cent drop in the price of refined petroleum products.

Although the 4.9 per cent rise in wholesale prices during the first half of the year indicates an annual figure approaching 10 per cent, it is expected that the present positive trend will produce a figure below 8 per cent.

Italy's consumer price index should also benefit and an August increase in line with July's 0.3 per cent is expected. Nevertheless, there is concern that the post-holiday month of September could hold some less pleasant surprises. At the end of the year inflation is expected to be a little over 9 per cent.

● Italy's summer holiday season reached its peak yesterday with the Feast of the Assumption. It is believed that 14m of Italy's 18m families spent the day away from home, a shift of population which left Milan, Turin and Rome with less than a quarter of their normal inhabitants.

Extradition looms for founder of Rumasa

By David White in Madrid

SPAIN'S Rumasa affair, which came to a head when the Government seized the wide-ranging financial and industrial group in 1983, appears to be approaching its conclusion with the imminent extradition from West Germany of Sr Jose Maria Ruiz-Mateos, its founder and former chairman.

Spanish authorities expect the Bonn Government to grant the extradition within the next few weeks, opening the way for Sr Ruiz-Mateos's trial in Spain on charges of fraudulent accounting practices.

Sr Ruiz-Mateos, who is currently on bail after being arrested in Frankfurt in 1984, was quoted by Spanish newspapers as saying he had no fear of being sent to jail.

The West German constitutional tribunal in Karlsruhe this week turned down an appeal against the decision by a Hessen state court in March to recommend extradition.

The former financier, who fled Spain a few days after the Socialist Government in Madrid expropriated all his business interests, can, however, be tried only on those charges accepted by the Hessen court as justifying extradition.

These charges consist of two of the seven grounds which the Spanish authorities cited in their extradition request – the manipulation of accounts in Rumasa's banking division and the falsification of balance sheets to show fictitious asset values.

Spanish prosecutors had charged Sr Ruiz-Mateos with other offences, including currency evasion and the misappropriation of social security and tax funds.

The maximum penalty provided for falsification is six years' imprisonment.

The final decision on extradition lies with the West German Government, although Sr Ruiz-Mateos's German lawyers say this has to await the verdict on an application for political asylum

Almost all the Rumasa group, ranging from wine and hotels to construction and shipping, has already been sold off by the Spanish Government to new private-sector owners, while 17 of its banks have been absorbed by the country's major banking institutions.

This latter operation was made possible through a Pta 440bn ($2.7bn) financial package, at the eventual cost of the Spanish taxpayer.

W. German bank profits plummet in Luxembourg

By Jonathan Carr in Frankfurt

THE Bundesbank has given details for the first time of the "drastic" cut in profits in recent years suffered by the subsidiaries of West German banks in Luxembourg.

In its August report published today the central bank notes that in 1979 all the Luxembourg subsidiaries recorded after-tax profits, whereas last year only a half did so.

While the regular earnings of the subsidiaries were buoyant, ever larger sums had to go to risk provision, so that ultimately little profit remained for paying to the parent banks.

Last year, West German banks controlled 26 subsidiaries in Luxembourg (down from a peak of 28 in the early 1980s), with a business volume of DM 160bn (£41.5bn)—that is 30 per cent of the volume of all West German bank subsidiaries abroad.

The Bundesbank report notes that, in relation to their balance sheet volume, the Luxembourg subsidiaries made far more credit available to problem debtor countries than did the parent banks. Moreover, the tough competition on the Euromarkets meant the subsidiaries could rarely build high risk premiums into the interest they charged.

Taking pre-tax profits, the central bank shows how sharply these have fallen for the Luxembourg subsidiaries

In 1979, the pre-tax profits of domestic credit institutes totalled 0.48 per cent of their balance sheet totals, well below the 0.54 per cent achieved by the Luxembourg subsidiaries.

But by last year, the figure for the domestic banks had climbed to 0.66 per cent, while that of the subsidiaries had dropped to 0.08 per cent.

The Bundesbank remarks, somewhat caustically, that since the business of the subsidiaries was not as lucrative as is widely believed, West German tax authorities have not been losing much revenue because of the Luxembourg operations.

This comment is felt to refer to the current debate on whether West German banking rules should be changed to attract "offshore" business (and by implication more tax revenue) to Frankfurt and other West German financial centres.

In its regular annual analysis of the earnings of domestic banks, also published today, the Bundesbank says that pre-tax profits rose last year from DM 19bn to more than DM 20bn. This means that since 1979, pre-tax profits have doubled while business volume has risen by "only" 50 per cent.

Among the strong performers last year were the branches of foreign banks in West Germany. They raised business volume by 13.6 per cent and pre-tax profits by 16 per cent to DM 312m

Hilary Barnes visits the prosperous Faroes

Island of two-car families

PERCHED on their windswept and rocky islands 300km north of Scotland and 600km west of Norway, the Faroe Islanders are preeminently a seafaring people for whom walking has probably never been a favourite occupation. After a heavy road-building programme over the past 10 to 15 years, they have clearly decided to minimise this form of activity.

It appears to be a point of honour with the 15,000 residents of Thorshavn, the capital of the islands, never to walk more than the five metres between car and home, office or shipboard. There are only 440km of road in the 18 islands, only two of which are linked by bridge, but there are 250 cars per 1,000 inhabitants and in Thorshavn the two-car family is becoming the rule.

"I could never get the kids off to school and myself to work without a car," says the woman at the Philately Office, whose motor mechanic husband of course has a car as well.

For most of their known 1,000 years history, the islanders, descendants of Vikings, have eked out a poor, hard living from fishing, sheep, and fowling for the puffins and guillemots which breed in millions on the spectacular cliffs.

Today, however, the islanders have one of the highest per capita incomes in Europe, at DKr 109,000 ($9,900) last year. This is on a level with Denmark, of which the Faroe Islands are a self-governing entity (but while Denmark is a member of the EEC, the Faroes have managed to stay out).

In striking contrast to the Shetlands and the Western Scottish Isles, the population has risen to 44,500 from 37,000 in 1966.

The Faroes, unlike most European economies, have boomed over the past decade. At first sight this is slightly surprising. The economy is entirely based on fish, which accounts for 90 per cent of exports. Fisheries have been a troubled industry in general, while the introduction of 200-mile zones in the mid-1970s presented the Faroes with special problems.

Traditionally, the Faroese fished in distant waters and landed the catch in foreign ports. In the early 1970s, only about 20 per cent of the catch was made in their own waters. Today about half the catch is made in domestic waters and landed in the Faroes. The catch is then processed on the islands and re-exported.

Faced with the need to change their fishing habits and to restructure the fishing fleet, the politicians decided to subsidise its modernisation, which goes a long way towards explaining the boom conditions.

Subsidies to industry, virtually all of which go directly or indirectly to fisheries, have increased from DKr 15m in 1975 to more than DKr 400m this year, almost DKr 100,000 per person employed in fisheries. The number of steel-hulled trawlers over the same period has increased from 49 to 74.

The Government normally does not allow either trawler owners or fish processing plants – there are 22 of them, making almost one per village – to go bankrupt, finding "crisis finance" to help those in trouble. This fact has no doubt encouraged investment by making it almost free of serious risks.

The investment boom has sent the current account of the balance of payment spiralling into a deficit which reached DKr 1.48bn in 1984, when exports were worth only DKr 1.64bn. But this figure excludes a subsidy of about DKr 700m from Denmark, which pays half the cost of the health and social security system. The Danish subsidy brought the deficit down to a slightly more manageable DKr 769m.

Everyone agrees the subsidies have become too high. But politically they are difficult to stop. Shortly before he took office last week, Mr Atle Dam, the Prime Minister, who heads a left-leaning coalition of Social Democrats, Republicans and two other parties, compared the finances of the Faroes to those of a banana republic. But no sooner had his Government taken office after an election last November than it approved a four-year programme to invest DKr 1.55bn in 16 new trawlers.

A Danish Government advisory committee described the finances of the Faroes last year as "parlous," noting that the net foreign debt this year will be about 75 per cent of gross domestic product.

"Not to worry," said an official of the government offices in Thorshavn. "Our experience has taught us that the Danish experts are always too pessimistic."

There are also mitigating factors. At least half the deficit is a krone deficit and is therefore regional – vis-a-vis Denmark – rather than foreign. It is mainly financed privately by investors who expect to make enough to repay; and ship imports worth DKr 672m inflated the external deficit last year, although they will be smaller in future.

The Faroese nightmare is that the fish will disappear from their waters. "That would be a real disaster," said Mr Ola Jacobsen, chairman of the Fishermen's Union.

But with such enormous subsidies to fisheries, there is not much incentive to invest in other industries. There is, however, one very promising exception – fish farming. More than 30 fish farms are in operation, 45 licences have been issued and none receive subsidies.

In 1984, the farms produced about 550 tonnes of salmon and sea-trout. By 1987, projections based on smolt (young salmon) production point to a production of more than 7,000 tonnes, worth about DKr 400m in export revenue.

"The projections have to be taken with a pinch of salt, but fish farming is certainly promising," said Mr Birger Danielson, manager of Faroe Seafoods, the fish export marketing co-operative.

Whatever the future may hold, the Faroese are enjoying the present. In Thorshavn there appeared to be a new house going up on every corner (average price DKr 800,000) and more video equipment per head, or so I was told, than anywhere else in Europe.

Spain 'shows signs of recovery'

By Our Madrid Correspondent

THE SPANISH economy appears to be showing signs of recovery after a slack performance in the first few months of the year, according to the latest report by the Bank of Spain.

The central bank said that a recent slowing of inflation, a "relatively less unfavourable" unemployment trend, indications of a pickup in construction and growing investment in capital goods all pointed to "an encouraging turn."

It estimated economic growth in the first quarter of the year at 1.5 per cent over the same period in 1984, due mainly to the expansion of public sector demand.

The Government has set a growth target of 1.9 per cent for the year as a whole. This objective was revised downwards when it became clear that Spain's 1984 export boom – helped by the high dollar – had run out of steam.

The report said the export sector's contribution to growth in the first quarter was practically nil.

However, it said the deterioration in the trade balance had been amply compensated in the first five months of the year by an improvement in the balances for services and transfers.

Meanwhile, a certain recovery could be expected in internal consumer demand now that prices appeared to have returned to a moderate trend.

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Israel's monthly rate of inflation rises to record 27.5%

BY DAVID LENNON IN TEL AVIV

INFLATION in Israel reached a record level for a single month in July when prices rose by 27.5 per cent, the Central Bureau of Statistics announced yesterday. Inflation in July 1984, was 12.4 per cent. Cumulative inflation for the first seven months of the year was 150 per cent, equivalent to 380 per cent on an annual basis.

The Government hopes that this will be the last of the high monthly inflation figures, as the new economic programme introduced last month is designed to bring inflation down to 4 to 6 per cent monthly, from August.

The massive rise in consumer prices last month was mainly the result of Government-approved increases in the prices of subsidised basic commodities, before the imposition of a three-month price freeze, which is now in effect.

The Government plans to introduce additional measures in September to prevent prices from soaring again at the end of the three-month emergency economic period.

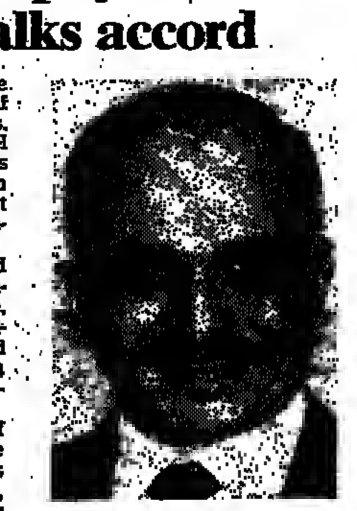
These are expected to include some form of monetary reform, with the likely introduction of a new shekel to replace the battered shekel currently trading at just over 20,000 shekels to the pound sterling.

AP adds from Tel Aviv: Economists warned that the inflation rate could soar again if the Government allowed the money supply to rise. The Government this week started a major publicity campaign to try to persuade pensioners holding $700m (£506m) worth of bank bonds, which are due for redemption in October, to reinvest their money rather than redeem the bonds.

The daily Yediot Ahronot reported yesterday that Mr Shimon Peres, the Prime Minister, was planning a technical monetary reform after inflation was stabilised at the planned level. The plan is to create a "new shekel" by knocking two or three zeros off the present currency.

Hussein, Murphy fail to find peace talks accord

MR RICHARD MURPHY, the U.S. Assistant Secretary of State for Middle East Affairs, left here yesterday for Israel with no definite sign of progress towards a meeting between American officials and the joint Jordanian-Palestinian delegation.



King Hussein

According to a highly placed Palestinian official, closely involved with the peace initiative, Mr Murphy's meeting on Wednesday with King Hussein did not yield a breakthrough on issues delaying an opening dialogue between the two sides.

These include the question of what might follow first stage discussions between U.S. officials and a joint Arab delegation, with the Americans pushing for direct talks between Arabs and Israelis.

The Jordanian-Palestinian side is insisting, however, that efforts to resolve the Middle East dispute take place under the umbrella of an international conference with the participation of all parties to the dispute and permanent members of the UN Security Council.

Washington is sceptical about the value of such a formula for peace, although President Reagan indicated to King Hussein earlier this year the U.S. might consider an international forum if that would advance the peace process.

Palestinians are seking American acceptance of their rights to self determination and recognition of the PLO as a full partner in the peace process. The U.S. is demanding of the joint delegation progress towards explicit PLO endorsement of Security Council resolutions 242 and 338, accepting the rights of all states in the region to live withing securer pre-1967 war boundaries.

Walter Ellis adds from Tel Aviv: Mr Shimon Peres, the Israeli Prime Minister, told Mr Murphy during a two-hour meeting in Jerusalem yesterday that progress towards peace could only be made by means of direct talks between Israel and Jordan, without involvement by the PLO.

Opposition demands end to martial law in Pakistan

BY MOHAMMED AFTAB IN ISLAMABAD

PAKISTAN'S opposition politicians yesterday rejected the statement made late on Wednesday by Mr Mohammed Khan Junejo that martial law would be lifted by the end of the year and demanded that it should end immediately, and that new elections should be held.

Mr Junejo told a rally at Lahore, that there was "no possibility of fresh elections in the country after martial law was lifted, which will definitely be done before the end of the current year." There has been widespread speculation, some sparked by President Zia ul Haq himself that martial law will stay in place well into 1986.

The new Parliament which was elected in February this year, has added its voice to that of the opposition in demanding that martial law should go. But, General Zia says the newly established government of Mr Junejo still needs time to establish itself.

Parliament is currently considering proposals to enact a new Political Parties Act, after which Mr Junejo has promised to ask General Zia to withdraw martial law. He yesterday called on the 11-party opposition coalition Movement for Restoration of Democracy to moderate its campaign against General Zia for a few months, so that martial law could be lifted.

The opposition held a rival public rally yesterday for the first time in nearly eight years, in defiance of the martial law ban on such meetings.

S. Africa's bank and trade debt falls $2bn

BY ALEXANDER NICOLL IN LONDON

SOUTH AFRICA'S foreign bank and trade-related debt fell more than $2bn in the second half of last year to $18.3bn, according to figures published jointly this week by the Organisation for Economic Co-operation and Development and the Bank for International Settlements.

The sharp drop in the total, which followed a $300m fall to $20.4bn in the first half of the year, would support the Government's contention that external debt has been falling and that the country is consequently less dependent on foreign creditors.

The Reserve Bank has said that an accelerating outflow of short-term capital in the final quarter of 1984 and the first quarter of this year was caused partly by repayments of foreign debt.

Economists, however, have doubted a reduction in debt and attributed the figures instead to outflows of private capital.

The OECD/BIS figures showed that the proportion of officially guaranteed debt within bank claims on South Africa has been increasing. Though the total of bank claims fell from $19.1bn at end-June 1984 to $17.2bn at end-December, guaranteed claims within that total rose from $2.2bn to $3.2bn.

The statistics capture most, thought not necessarily all, of a country's debt. The compilers warned that comparisons could be distorted by exchange rate changes – debt in currencies other than dollars could appear to have diminished as a result of the dollar's rise.

More than half of South Africa's foreign debt is believed to be in the form of short-term credit lines extended by commercial banks.

Banks, especially in the U.S., were expected to be watching closely last night's speech by President P. W. Botha. If it does not offer the prospect of improvement in the domestic situation, more banks are expected to follow Chase Manhattan's recent decision to phase out all South African lending.

Nakasone assailed for paying respect to war dead

BY CARLA RAPOPORT IN TOKYO

MR YASUHIRO NAKASONE, Japan's Prime Minister, yesterday became the first Japanese premier to pay his respects to the Japanese war dead in his official capacity.

The move was widely criticised by neighbouring Asian nations and opposition politicians in Japan who claimed the action was glorifying Japan's role in the last war and could lead to a revival of nationalist and militaristic fervour.

Mr Nakasone and other cabinet ministers visited the Yasukuni Shinto Shrine in Tokyo briefly yesterday, but refrained from following any religious procedures. Mr Nakasone simply bowed and placed a formal wreath at the shrine, instead of making two bows, clapping his hands and bowing again.

As a result, government officials yesterday insisted that the visit had "no religious significance" and would not result in a revival of Shintoism, formally a national religion. Shintoism embraced emperor-worship as a principal tenet and has been widely blamed as a contributing factor to the fierce militarim of pre-war Japan.

"In international relations, the Government of Japan, being deeply conscious of the fact that Japan caused much pain and damage to many in Asia and elsewhere, has pursued the path of a peace-loving country, based on the resolution that there much be no repetition of such things," said Mr Takeo Fujinami, Chief Cabinet Secretary yesterday.

Yasukuni Shrine, built in the last century, has long been one of Japan's most important monuments. During the last war, soldiers and pilots would visit the shrine before leaving for the war, to pray for strength and guidance. Although no soldiers are buried at the shrine, it is believed to hold the spirits of the dead.

Mr Nakasone's visit was made in response to the strong desire of many, including families of the war dead, who regard the shrine as the centre at which homage should be officially paid. Mr Nakasone visited the shrine last year, but only in a personal capacity, not officially as Japan's prime minister. This time, he signed his name with his full title.

Radio Moscow, monitored in Tokyo Wednesday night, criticised Mr Nakasone's visit to Tokyo's Yasukuni Shrine. The Soviet broadcast said the visit would violate the Japanese constitutional separation of politics and religion. It grew out of the militaristic character seen in the policies of the present Japanese Government, the radio said.

"The purpose of the visit is to show respect to those who laid down their lives in the defence of their country and their fellow-countrymen, and to renew the resolution for the peace of Japan and the world," said Mr Fujinami.

Government officials yesterday admitted that the visits to the shrine may well be unconstitutional, as Japan's post-war constitution calls for a strict division between religious activities and government. In November, 1980, the Government decided to refrain from making official visits to Yasukuni Shrine. However, after studying a report from an advisory panel on the subject, the Government decided that the visits would not be regarded by most people as a religious activity.

Robert Thomson adds from Peking: The Chinese Government, which is in the midst of celebrating liberation from Japanese occupation 40 years ago, has strongly criticised Mr Nakasone's visit to the Yasukuni Shrine.

With China now highlighting the brutality of what is known here as the Anti-Japanese War and commemorating the "heroic acts" of Chinese soldiers in the winning of freedom from the Japanese, the visit has attained the status of an Asian Bitburg.

A Chinese Foreign Ministry spokesman said that the visit would "hurt the world people's feelings," as the shrine reveres "war criminals" and Japanese "militarists," in terms reminiscent of the furore over President Ronald Reagan's visit to a West German cemetery.

"Such an act will especially hurt the feelings of the Chinese and Japanese people and other Asian peoples who suffered a great deal in the hands of militarism," the Foreign Ministry spokesman said.

"Forty years ago, the war of aggression launched by the Japanese militarists brought untold suffering to the peoples in Asia and the Pacific areas as well as to the Japanese people."

The Chinese Government has devoted much energy to commemorating the end of the Anti-Japanese War, erecting shrines of its own, publishing special edition books, and showing films and documentaries in cinemas and on television.

On September 2, the date the Japanese officially surrendered, about 100,000 people are expected to lay wreaths at the Monument to the People's Heroes in Tiananmen Square as a tribute to "war martyrs."

A strange twist in the Chinese commemorative activities has been the reinterpreting of history to give more credit to the Nationalist Chinese forces under their generalissimo, Chiang Kai-shek, for their role in repelling the Japanese.

Wreaths will be laid at the tombs of Nationalist generals, and former members of the Nationalist army have been invited to attend ceremonies. The more positive assessment of the Nationalist army, much of which fled to Taiwan in the face of Communist victory on the mainland, appears to be a further attempt to convince Taiwanese that reunification with the mainland will be in their best interests.

Nyerere's successor chosen

VICE - PRESIDENT Ali Hassan Mwinyi, a Moslem and president of the island of Zanzibar, was chosen by Tanzania's ruling party yesterday to succeed President Julius Nyerere, one of Africa's elder statesmen, when he stands down in October, Reuter reports from Dar-es-Salaam.

Mr Mwinyi, 60, whose choice surprised some Tanzanians, upholds Mr Nyerere's brand of Chinese-inspired socialism. But he has introduced moderate economic reforms in Zanzibar, such as liberalising trade laws and allowing citizens to operate foreign bank accounts.

Political observers saw his selection as in keeping with Mr Nyerere's recent introduction of mild reforms, such as increased private ownership.

Mr Nyerere, a modest and scholarly figure whose influence extends far beyond the borders of Tanzania, steps down in October after leading his country since independence in 1961.

Delegates to a special congress of the Chama Cha Mapinduzi (CCM) revolutionary party voted 1,731 to 14 for Mr Mwinyi in a secret ballot. He will now be the sole candidate in presidential elections in October.

Nkomo's party evicted

Zimbabwe opposition leader Joshua Nkomo's embattled Zimbabwe African People's Union Party was yesterday evicted from offices in Harare for failing to pay rent, Ap reports from Harare. Party officials linked the eviction to a post-election clamp-down on the party by Prime Minister Robert Mugabe's government.

Visits by Sudanese

Sudan's top military leaders will visit Washington and Moscow next month, and the country's Prime Minister will tour West European nations in October, the government daily Al-Ayam said yesterday, Reuter reports from Khartoum. Gen Abdul-Rahman Swareddahab, chairman of the ruling Military Council, will visit the U.S. in mid-September for talks with President Reagan.

Gulf tanker payout

Owners of two Turkish tankers hit by Iraqi missiles in the Gulf last month received 9bn lira (£12.4m) in Turkey's largest-ever insurance payout, officials of the insurance company said, Reuter reports from Istanbul.

Taipei minister quits after probe into financial scandal

BY ROBERT KING IN TAIPEI

TAIWAN FINANCE Minister J. K. Loh resigned yesterday morning just one day after a government watchdog body had accused him and other officials of dereliction of duty over a recent massive financial scandal.

Vice-Minister Li Hung-ao, who also offered to resign yesterday evening, will act as minister until the Cabinet appoints a replacement.

A sub-committee of the Control Yuan, which oversees the operation of government, carries out investigations and holds the power to impeach, blamed Mr Loh, his predecessor Mr Hsu Li-teh, and some dozen other high financial officials for failing to halt irregularities at the Tenth Credit Co-operative during their terms of office.

The Tenth Credit affair, which came out into the open in February after allering years of circumvention of finance laws, culminated in a government take-over of the bank after a multi-dollar run by panicking depositors. It also brought about the crash of an affiliate, Cathay Plastic Industrial Corporation; the resignation of Mr Hsu, then economics minister; and the arrest of Mr Tsai Chen-chou, a member of parliament and head of both Tenth Credit and Cathay Plastic.

Mr Tsai has since been convicted of issuing millions of dollars worth of bad post-dated cheques and has been sentenced to six jail terms of 15 years each. The Taipeh court is currently trying him and several associates on more serious charges of breech of trust and fraud.

Revelations stemming from the Tenth Credit affair have also shattered public confidence in the nation's unofficial financing system which allowed private companies to accept deposits from individuel investors in order to obtain operating capital. The backward state of official bank lending practices here and the relatively high interest rates offered by the companies has treditionally made such "kerb" financing an important source of company funds.

But the financial collapse of Cathay Plastics along with other smaller affiliates left small investors holding millions of dollars of worthless promissory notes and post-dated cheques. As a result investors have become wary of such unofficial investments causing cash crises for many private companies.

Mr Loh has been under attack for some months over the Tenth Credit debacle although the abuses at the bank began as early as ten years ago. Well informed sources say, for instance, that two years ago then finance minister Hsu Li-teh recommended either a government take-over or an enforced reshuffling of the bank's management, but was over-ruled by senior colleagues.

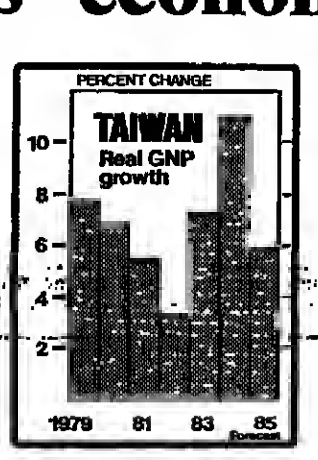
Government investigators have not yet accounted for tens of millions of dollars in missing Tenth Credit funds.

Revelations of fiscal sleight of hand have sent the country reeling

Taiwan's 'economic miracle' fades

Far East countries are following the U.S. into downturn. In the second of three articles, **Bob King** in Taipei reports on what some analysts believe is now the 'sickest economy in the world'

TAIWAN'S economy, long considered to be one of the strongest in the region, is reeling from a variety of domestic and international blows. Analysts say things are likely to get far worse before they improve.



Exports, traditionally the engine of Taiwan's gross national product, increased by only 1 per cent during the first half of the year, compared with an annualised figure of more than 21 per cent during 1984. Imports declined 4.5 per cent during the first half, and foreign trade as a whole was down 1.3 per cent.

Many businesses have collapsed, and planners have scaled back their GNP growth forecasts for the year from 8.5 per cent to 6 per cent. Some analysts say Taiwan will be fortunate if GNP grows by even that much.

Large inventories and depressed demand in the U.S., which normally takes about half the country's exports each year, were partly to blame for the poor export performance. The strength of the Taiwan dollar against most European currencies has caused exports to slump to that region as well.

Trade, important as it is to Taiwan's GNP, tells only part of the story. There are signs that the problems facing the country are more fundamental than the vagaries of world demand and currency exchange rates.

The massive financial scandal which started last February, and which this week has seen the resignations of the Finance Minister and his Deputy, has led to serious difficulties for small- and medium-sized businesses.

Revelations of the financial sleight-of-hand that had for years been the norm at the companies, plus the almost-certain loss of tens of millions of dollars by small investors, have caused individuals to forgo high-interest, high-risk informal investments in private groups and channel their money into banks and postal-savings accounts instead.

Local banks, always over-cautious in their approach to lending, have withdrawn as a result even further into their shells. Foreign banks, stung by an estimated $500m (£362m) in bad loans here, over the past 30 months, have begun to look more sceptically at loan applications and accompanying financial statements.

Industry is also beginning to pay for its failure generally to heed calls by government planners over the past several years for an upgrading of product lines and a modernising of management and operations.

The possibilities that these problems could have serious long-range consequences for Taiwan has prompted soul-searching in Taipei.

"People at the grass roots are the ones who are really concerned," says one economic analyst. "Anger, frustration and concern about what is happening is spreading throughout the population."

Taiwan's "economic miracle," as it has long been called, appears to be running out of the grace that miracles are made of. Exports, especially to the U.S., are starting to encounter the first signs of major protectionist sentiment. Congress has begun to debate bills that would limit imports of certain items, such as textiles and footwear, on which Taiwanese industry has grown fat.

Political uncertainties over the years have caused a steady capital flight instead of renewed investment in upgrading industries and in creating new ones.

Questions over the country's future, the successor to President Chiang Ching-kuo and the perceived threat from China, with whom Taiwan has been nominally at war for almost 40 years, have caused many pragmatic Taiwanese to shift their money elsewhere.

Some Government planners and foreign analysts are beginning to note a large gap between Taiwan's macro-economic performance, which one described as "stellar," and the performances of individual companies which, he said, reflects "one of the sickest economies in the world."

Gradual realisation of the state of affairs at the grass-roots level prompted the Government in May to establish an Economic Reform Committee to recommend changes in laws and procedures over the next few months. But many of the problems can not be dealt with readily by Fiat.

Dr K. S. Liang, head of the Changhwa Commercial Bank and chairman of the banking subcommittee, suggests that the discrepancy between macro- and micro-data is due to slow adjustment, or no adjustment at all, by traditionally-conservative Taiwanese businessmen to new ways of doing business—attitudes that will not change overnight.

Another banker notes that Taiwan is at "real crossroad" as far as its hoped-for move into high-technology is concerned, and that many of his colleagues view the country's chances in high-tech areas negatively.

Y. T. Chao, former Economics Minister, now chairman of the Council for Economic Planning and Development, says the failure of Taiwan's businessmen and investors to put their money into high-tech and industrial upgrading is "a Chinese cultural and historical burden and it will take years—maybe even generations—to change the mentality."

A continued decline in the economy might help spur those changes, he says. "If we can break through, then we'll go up, otherwise we'll go down—it's a very critical period."

Growth in Japan 'to be sustained'

JAPAN'S economy should keep growing because of rising domestic demand in fiscal 1985-1986, an economic White Paper compiled by the Economic Planning Agency said, Reuter reports from Tokyo.

Japan posted 5.7 per cent real gross national product growth in the fiscal year 1984/85 ended March, the highest growth rate since the first oil crisis in 1973, it said.

It attributed the rise mainly to an increase in exports supported by U.S. economic growth and the strong dollar. However, Japan must now stress expansion of domestic demand because of the uncertain direction of the U.S. economy and growing trade friction, the White Paper added.

The paper added said the U.S. should try to reduce its budget deficit to correct high U.S. interest rates and the strong dollar, which stimulate its imports.

It added that, although its economy was likely to show a stable growth with a low inflation, Japan will have to review its social security system because of increasing burden on the economy from pension and public expenses caused by its ageing population.

The Government, the report said, should take the initiative in protecting the free trade system, step up economic assistance to developing countries and expand imports.

The report painted a rosy picture of the economy in the medium term, with improved corporate profits, household spending and investment in plant.

It said recent trends—including innovations in information and telecommunications technology—have strengthened over the past two or three years.

AMERICAN NEWS

Grounding of jumbo jets 'unlikely'

BY LYNTON McLAIN

AIRLINE operators of the Boeing 747 jumbo jet and air safety authorities were reticent yesterday about the actions, if any, they have taken in response to the crash of the Japan Air Lines' 747 on Monday.

No airline outside Japan has so far admitted in public to have changed any of its operational or maintenance procedures for Boeing 747s since thn crash. Some airlines suggested yesterday that whatever the outcome of the Japanese investigations, it was unlikely that the entire world fleet of jumbo jets would be grounded immediately.

More probable, was e phased series of inspections, with aircraft checked or modified as they return to their hases on a timetable thot would probably be hased on tha number of landings and the age of individual aircraft.

The president nf an international airline pilot group said yesterday that the recent string nf commercial aircraft crashes is a statistical anomaly and should not raise fears about the safety of flying.

Capt Reg Smith, an Air Canada TriStar L-1011 pilot and president of the International Federation of Air Line Pilots' Associations, said his federation is not recommending special action based on what it knows about the Japan Air Lines crash.

Pilot groups had no real concern about the age of Jumbo jetliners, some of which have heen in service since the late 1960s.

"We'va studied what we call geriatric jets. We've had a study on their continuing airworthiness. They're monitored very closely," he said.

A total of 68 airlines operate the 603 jumbo jets delivered by Boeing.

Japan is the only country so far which has instructed its airlines to inspect tail sections of their aircraft. JAL is the largest operator of jumbo jets in the world with a fleet of 49 Boeing 747s before the crash on Monday. Ten of these were the high density, 550 aeat shurtrenge version of the type that crashed.

Maintenance engineers in Japan have been asked to inspect the link between the front of the vertical fin and the main fuselago of the jumbo jet.

In the UK, tho Civil Aviation Authority has not issued any advice to the three UK airlines that operate Boeing 747s. These are British Airways (with a fleet of 28 jumbos), British Caledonian (two), and Virgin Atlantic (one).

"We bave to wait for the U.S. Federal Aviation Administration to give us advice before we can instruct UK airlines to change procedures on their jumbo jets," the anthority said yesterday.

The CAA does not know what to tell the operators to look for. "We are waiting for the definitive information from the FAA and this will be hased on the conclusions of the U.S. National Transportation Safety Board, which is a party to the Japanese investigation in Jepan," the authority said.

British Airways is not doing anything in addition to its normal routine checks and maintenance on its jumbo jet fleet. Nevertheless, the airline is conscious of the information that is coming from Tokyo about the circumstances of the crash and BA engineers are examining parts of the jumbo that appear to have been involved in the crash.

British Caledonian has not changed its procedures and continues to carry out its normal maintenance checks once a week, as required in the manufacturer's maintenauce instructions.

Terry Dodsworth in New York writes: Pan Am, the transatlantic airline which has a fleet of 49 Boeing 747s, said yesterday that when accidents like the one in Japan occurs, the company carries out its own internal investigation to make suro it is coverd as o matter of course.

The company stressed that aircraft inspection was a continuing process, and that special checks were continuously being carried ont in response to service bulletins from manufacturers or directives from the Federal Aviation Administratinn.

"One of the safeguards in the international aviation industry is the exchange of technical information which is going on all the time," the company said.

ON THE question of after sales service, Boeing said last night that it has an aircraft service organisation which tenders for repair contracts against a number of specialised maintenance companies, writes Terry Dodsworth in New York. Airlines routinely put ont major servicing and repair jnbs to tender, and other companies regularly work nn Boeing aircraft, a spokesman said.

The U.S. Federal Aviation Administration said in Washington that It had no jurisdiction in Japan, but that international treaties give any country where an aircraft or an aircraft engine is manufactured the right of observer status in the investigation of an accident.

In the Japan Air Lines case, the FAA said It was more than an observer, and was co-operating in the investigation. It has sent both members of its accident investigation unit, and an official from its unit in Seattle (the site of Boeing 747 manufacturing) who is an expert in the structure of the aircraft.

El Salvador insurgents bury their differences

By David Gardner in Mexico City

AFTER FIVE years of savage civil war, El Salvador'e left wing insurgent armies, grouped in the Farahundo Marti National Liberation Front (FMLN), have announced that they will fuse into a single political and military organisation and spread the fighting throughout the country.

The five FMLN factions, and the rebel political front, the FDR, have both during and prior to the war often heen riven hy differences over ideology, strategy and tactics. In two cases involving the major rebel armies, the Peoples Revolutionary Army (ERP) and Popular Liberation Forces (FPL), these differences resulted in the murder of dissident leaders.

In the communique announcing the new unity accord, broadcast simultaneously over both the FPL and ERP redio stations, the FMLN general command states triumphantly that "the only division the enemy can expect from us now is the division of labour."

The stepped up war of attrition would "carry the fight throughout the territory, to the capital and main cities . . . so that there is no hiding place for the enemy and its (U.S.) allies."

Economic sabotage would be increased, while the rebels stated their intention of making the country "ungovernable" by attacking local and national Government targets.

Members of Presidont Jose Napoleon Duarte's U.S.-backed Christian Democrat Government and American personnel on the ground had largely been left alone by the rebels until this year.

Two months ago four U.S. marines, and nine civilians, were killed in an attac kon a fashionable San Salvador restaurant district, while in the rebel controlled east, more than a score of Christian Democrat mayors have been kidnapped.

Equally, insurgent columns have begun moving into the rich coffee producing west of the country, launching a major attack on its capital, Santa Ana, earlier this year and rebel sympathisers have regained many trade union positions they lost during the far right/military death squad campaign against the Left in 1979-81.

U.S. industrial production rises by 0.2% in July

BY NANCY DUNNE IN WASHINGTON

U.S. industrial production rose 0.2 per cent in the last month, the Federal Reserve said yesterday, as tho American economy crept along a course of lethargic growth.

The July advance followed increases, revised upwards, of 0.3 per cent in June and 0.2 per cent in May. It was the latest month of weak growth in a year that has recorded production growth of only 1.4 per cent, and it cast new donbts on the Reagan Administration's predictions of a strong rebound for the economy in the second half of the year.

The data showed e rise in car production of 1.2 per cent, but an 0.3 per cent slowdown in the production of business equipment. Defence and space equipment output, the strongest of the major manufacturing sectors up to now, also fell 0.3 per cent.

Mining and oil drilling, a sector which has slumped 3.7 per cent over the year, last month contributed an 0.1 per cent increase in the index.

Mr Jerry Jasinowski, chief economist for the National Association of Manufacturers (NAM), found no good naws in the report, which, he said, demonstrates "the continued stagnetion of industrial activity."

However, he and several other economists still predict a modest improvement later on in the year as the decline of interest rates affects the economy.

A second report released by the Federal Reserve yesterday confirmed the economy's sluggishness as have eeveral reports this week. Consumer instalment credit outstanding expanded by $6.8bn (£4.86bn) in June, seasonally adjusted, a marked slowdown from May's $9bn.

Consumer borrowing has been at spectacular levels as consumer income has failed to keep pace with buying. Economists hod been expecting credit growth to ebate, but even with the slowdown consumer credit grew at an annual rate of 20.2 per cent in the second quarter, only slightly off from the 21.8 per cent growth in the first quarter.

On Wednesday, the Commerce Department reported thot sales by businesses plunged 2.1 per cent in June, the second biggest decline on record. The drop produced an unwanted accumulation of inventories, pushing them up $2.31hn or 0.4 per cent to a seasonally adjusted $580.09bn. It was the largest increase since an 0.5 per cent rise in February.

Also on Wednesday, the NAM produced o report which satd that the nation's overall economic growth has been cut almost in half over the last three quarters as o result of U.S. trade losses.

GM launches sales blitz with 7.7% financing rate

BY TERRY DODSWORTH IN NEW YORK

GENERAL MOTORS, the U.S.'s largest car manufacturer, launched into what it called a seven-week sales blitz yesterday with the offer of an unprecedented 7.7 per cent annual financing rate on selection of its cars and light trucks.

The company said that the new rate, which follows a period of very limited financial promotions in the U.S. industry, was the lowest in the company's history. It comes after a period during which interest rates have generally edged up in the U.S., and when Wall Stret is uneasily divided about the direction of the credit markets.

GM's move has been timed to coincide with a pay agreement drawn np between the car transporter workers and the car dealer organisations, which is expected to be ratified early next week. The accord, which follows a three-week period in which very few U.S. cars were delivered to dealers, should mean that cars will be moving through the pipeline within a week.

The incentive package is also seen as an attempt by GM to recover some of the ground it has lost in the U.S. marketplace over the past year.

In Jnly sales of U.S.-made cars fell hy more than 6 per cent, but mainly as a result of o sharp 15.9 per cent decline at GM. Among U.S.-produced cars, GM's market share slipped to 54.5 per cent during the month against 58.3 per cent a year earlier, and a normal figure of around 60 per cent.

Sales of U.S.-produced cars were also off sharply in the first 10 days of this month, falling by 10.1 per cent But U.S. manufacturers are still continuing to prodnce at near-capacity levels, on the grounds that they see no underlying signs of o slump in demand.

The figures in the first 10 days were clearly distorted by the hauliers' strike, which had depleted showroom stocks, but Wall Street will be keenly watching to see whether there is a corresponding sales rebound once the strike ends.

GM's 7.7 per cent programme is limited to a range of its existing cars and light vans as it shifts stocks to make way for its 1986 new model programme. The company calculates that the average saving from using the scheme will amount to around $1,550 (£1,110) and as much as $2,250 on some vehicles.

Peru police deal blow to drug traffickers

THE NEW Peruvian Government of President Alan Garcia says it has struck "the hardest blow" ever against drug trafficking in Peru. It announced on Wednesday that police had discovered a 700m runway used by cocaine smugglers and had captured five aircraft, AP reports from Lima.

Sr Abel Salinas Izaguirre, Interior Minister, said the runway is located nearly 1,000 miles north-east of Lima near the Colombia border.

Sr Salinas said 60 police agents, using military helicopters, landed at the runway earlier on Wednesday, captured five aircraft and discovered two laboratories for processing pure cocaine and two large underground warehouses containing coca paste and firearms.

A drug smuggler was wounded in tha raid.

The operation in the jungle, which began on Tuesday and will contintne for several more days, was opproved by President Garcia and represents "the hardest blow that has been aimed at drug trafficking in Peru," Sr Salinas said.

Sandinistas 'to be overthrown within a year'

BOLSTERED by a $1m (£714,000)-a-month fund-raising drive, Nicaragua's resistance movement will be able to seize power from the Sandinista Government within a year, o top rebel commander says, AP reports from Washton.

Sr Adolfo Calero, commander-in-chief of the Nicaraguan Democratic Force, said the Sandinista Army had been on the defensive recently hecause popular dissatisfaction with the Government had swelled the ranks of his gronp to more than 18,000.

Sr Carlos Tunnermann, Nicaragua's ambassador to Washington, said the rebel chieftain had been under the "illusion" for some time that victory was within reach.

Stroessner marks 31-year rule

PARAGUAY'S President, Gen Alfredo Stroessner, one of the world's longest ruling military leaders marked the 31st anniversary of his rise to power yesterday with the capital, still under the state of siege he declared in 1954, AP reports from Asuncion.

The 72-year-old president has announced no plans to relinquish office or indicated an heir, but his age has prompted speculation in recent months about possible successors.

As both President and commander-in-chief of the armed forces, Gen Stroessner has used the country's laws and courts to stifle dissent and punish critics. He claims, however, that his Government is the choice of the people and that he should not he labelled a dictator.

Gen Stroessner says his Government has kept life for the 3.2m Paraguayans free of crime and violent suhversion that is troubling other Latin American nations, and that it has also maintained a stahle economy.

However, there are signs that both the country's economy and the President's monopoly are weakening.

Paraguay's foreign debt is $1.7bn compared with $1.03bn for neighbouring Brazil, $48.4bn for Aregntina and $4.7bn for Uruguay. But the country's currency has weakened recently and trade has declined.

An official exchange rate of guaranies 240 to the dollar is maintained for certain import and export operations, hnt the free market rate has risen to more than guaranies 600 to the dollar in recent months.

Gen Stroessner's once-large Colorado Party has been shaken by a struggle between two factions for control of party leadership and the future candidate selection process. The President has done little to improve Paraguay's image abroad as a haven for Nazis.

Paraguay has a large minority of German descent, totalling an estimated 100,000 people. In 1959, It granted citizenship to the Nazi war criminal, Josef Mengele. Officials in Paraguay insisted that Mengele left the country in 1961 and gave up his citizenship in 1979, but the link continued to receive frequent mention in Press and political circles.

Paraguayans indignant that their denials had not been believed, were relieved when last June 6, Brazilian police discovered a hody identified as that of Mengele in a grave near Sao Paulo.

Gen Stroessner is scheduled to visit West Germany next year, but an official date still has not heen set. The anniversary of his rise to power will be marked with a three-hour military parade in Asuncion

Several military delegations, including representatives of Brazil, Argentina, Chile, El Salvador and Panama, were in the city for the anniversary.

WORLD TRADE NEWS

U.S. and Singapore in talks to block high-tech leakages

BY CHRIS SHERWELL IN SINGAPORE

A LARGE team of senior U.S. officials yesterday began 2½ days talks with the Singapore Government on plans to prevent the diversion of sensitive high-technology products to Soviet-bloc countries.

The talks follow Singapore's declaration in April that it is ready to help control the leakage of strategic goods by co-operating with the U.S. and with other members of CoCom, the Paris-based Co-ordinating Committee of Multinationel Export Controls.

Earlier this year, the U.S. was said to have included Singapore on o list of 15 countries which could be used as "elearing houses" for high-technology products destined for unauthorised end-users. Washington has olso tightened procedures for the export of sensltive goods.

Singapore, o free-trading island state whose rapid growth has brought the development of high-technology industries, has been keen to hlunt the U.S. concern, and it is thought that the curent talks may consider proposals for a bilateral agreement.

In April Dr Tony Tan, Singapore's Minister of Trade and Industry, said there should be nn misunderstanding "between us and our friends" on the issue.

"We are prepared to consider reasonahle and any practical means to prevent any undesirable leakage of strategic high-technology prodncts to countries that ore on the Cocom restriction list," he said.

The Singapore team at the talks ia led hy Mr P. Y. Hwang, head of the government's Economic Development Board, and includes officials from the Trade Development Board, the Attorney-General's office, foor ministries — Fnreign Affairs, Trade and Industry, Defence and Home Affairs — and the Customs.

The U.S. side is up to 12 strong and is led by the Ambassador to Singapore, Mr Stapleton Roy. It includes nfficials from the State Department, the Pentagon and the U.S. Customs. A statement at the end nf the talks tomorrow is possible.

Although the U.S. has tended to avoid comment on the subject, one Washington official, Dr Stephen Bryen, an Assistant Secretary of Defence, told the Singapore Press in May that the main purpose of a hilateral agreement would be to make the Singapore Government responsihle for policing the terms of export licences covering sensitive products.

Japan to end tariffs on computer imports

BY CARLA RAPOPORT IN TOKYO

JAPAN is planning to remove tariffs on the import of computers ond peripheral equipment, the Ministry for International Trade and Industry said yesterday.

Currently, Japan has o large trade surplus in this area. In the area nf computers olone, however, it is running a trade deficit with the U.S.

The Japanese tariff on computer imports is 4.9 per cent, peripherals 6 per cent and components, 4.9 per cent.

Last year, Japan imported nearly $1bn-worth of computers and peripherals from the U.S., against $3.3hn-worth of exports. In the areas of computers alone, however, Japan importad $364m agoinst exporting $334m-worth to the U.S.

The removal of tariffs in general has not been a major negotioting priority of the Americans, although the move will no douht be welcomed.

The Japanese industry, however, has long been against the move. Jopan mainly exports personal computers to the U.S., while importing main-frames. The tariff removals ere expected to give o boost to main-frame exports.

Ministry officials say that the decision to scrap the computer tariffs will be announced by the eod of the month, with implementation by next April.

Swedes hope to reverse Washington steel ruling

By David Brown in Stockholm

LEADING OFFICIALS from Sweden's state-owned SSAB steel group are to travel to Washington today in hopes nf reversing a finding by the U.S. Commerce Department which may result in a new 8.77 per cent countervailing duty on certain Swedish products.

The officials are to testify before the International Trade Commission, which is expected to make a final decision on the import case shortly.

They will also meet Commerce Department officials and are expected to discuss the possibility of voluntary restraints.

SSAB sells some SKr 800m (£69.5m) of mainly heavy and thin plate steels in the U.S. "We don't have the sales margins to remain competitive should this duty be imposed," says the group's president, Mr Henry Lundberg. "Certainly not if the dollar rete continues to drop."

The U.S. Commerce Department claims that soma SKr 6.3hn in copital injection and loans received hy SSAB from the Swedish Government during its restructuring which ended in the early 1980s, constituted a subsidy.

Officials from SSAB, which had earnings of SKr 565m last year, claim its relatively high profitahility stems from extensive restructuring and low raw materials and lahour costs.

Iranians file claim against Finnish bank

BANK Tejaret of Iran has filed e Rial 2.1 bn (£18m) compensation claim ogainst Finland's leading commercial bank, Kansallis, which guaranteed an aborted Finnish construction project in Iran, Olli V. Virtanen reports.

The case dates hack to the lote 1970s when the Finn Iran Contractors Group won a contract to huild 63 hlocks of apartments containing 3,500 flats in Tehran.

Iran is claiming damages worth the total of advance payment guarantee and completion guarantee given by Kansallis.

The huilding consortium insists that it was impossible tn continuo work in post-revolution Iran. The group has filed a counter-claim worth about $12m.

GM expects to set up car venture in Egypt soon

BY OUR CAIRO CORRESPONDENT

AFTER TWO years of uncertainty, General Motors Corporation of the U.S. expects to establish a joint venture company in Egypt next month to prodnce twn new passenger cars and 11 component feeder-industries which will be export-oriented.

This will represent GM's biggest commitment in Africa and the Middle East.

GM's main competitors have been Fiat whose current licence to prodnce passenger cars, inclnding the Regatta, expires at the end of this year.

GM already has a truck manufacturing industry in Egypt and on May 5 this year received a letter of intent from the Egyptian Government to manufacture the two four-door passenger cars—one a 1.2 litre small car, the Corsa, and the other e 1.6 litre medium-sized car, the Ascona.

GM hopes to sell them in Egypt for roughly the same price as in West Germany where it operates through its Opel subsidiary.

GM is awaiting ratification from the General Anthority for Investments and Free Zones to establish the General Misr Car Company which will be owned by GM, a publicly-owned El-Nasr Automotive Company, and the Misr Iran Development Bank, which has been chosen to arrange the overall finance package for the $700m (£538m) project.

GM was chosen from an original list of 11 international bidders. Production of the Corsa at the Arab American Vehicle Company at Heliopolis will start in April 1986 and some 10,000 units are expected by the end of the year.

Production of the Ascona at Nasco's Helwan plant will start in September 1986 and 30,000 units are expected by year's end. Total planned production capacity at both factories is 96,000 cars a year.

GM's representative in Egypt, Sig Aldo Fozzati, believes Egypt could become Europe's Mexico in terms of component feeder-industries which will be 50-95 per cent export-oriented.

He believes that Egypt's workforce, in-house production infrastructure and central position for Africa and the Middle East make it an ideal location.

GM said it aims for technology transfer to Egypt and believes the management training it is supplying will generate a highly efficient industry. Within five years, 50 per cent of both cars will consist of fully-Egyptian components.

The 11 feeder-industries will mainly supply GM's Opel subsidiary in West Germany and aim to cover up to 50 per cent of foreign exchange needed to import components that cannot viably be produced in Egypt.

Bendix of the U.S., for example, will, through a local joint venture, export 95 per cent of friction materials prodnced in Egypt to the entire West German market.

The West German company Roth which, with Chase Manhattan, is forming a joint venture with an Egyptian partner, will export 60 per cent of exhaust systems produced in Egypt to Opel.

TRW of the U.S. is setting up a joint venture with various Egyptian partners to export 85 per cent of its steering columns produced in Egypt to Opel. This, GM says, will be the first time Egypt has exported a high technology safety item.

GM does not like the word "monopoly" but agrees that for five years at least, there is room for only one integrated car industry in Egypt.

It believes that this is Egypt's last chance to succeed economically and stresses that any failure to implement the project would be disastrous.

In 1983, the Egyptian Government decided to go for an all-Egyptian car and called for bids, promising an award within six months.

But no decision was made and since then, the original plans have been toned down. GM believes too much has now been committed by all parties for any last-minute re-think.

IMF urges Cairo to tackle weak exports

The International Monetary Fund claims Cairo's serious long-term problems will have to be dealt with systematically, and calls for urgent reforms in the export sector if the slide in balance of payments is to be halted, writes Tony Walker

THE International Monetary Fund, in a gloomy report on Egypt's economic prospects, identifies a weak export sector as a serious long-term problem and one that will have to be tackled systematically if the country is to arrest an alarming slide in its balance of payments.

The IMF sees little possibility of Egypt improving its competitive trading position without urgent pricing, exchange rete and administrative reforms. Chances in the medium-term of Egypt redressing tts huge trade imbalance, it indicates, are bleak.

The fund says that because of the structure of Egypt's balance of payments, notahly the "small ahare" of non-oil exports in merchandise exports, difficulty in compressing commodity imports, and a high dependence on workers' remittances and Snez Canal dues, prospects are for continuing heavy pressure on the country's balance of paymenta.

The growth of non-oil exports, such as textiles, agricultural prodncts and light manufactures, will depend on restoring Egypt's competitiveness and also on penetrating markets in the fece of entrenched competition from other developing countries and protectionism in developed economies.

"The anticipated slow response of exports and some imports to changed price signals, together with the scheduled increases ln external debt servicing obligations, highlight the importance of not delaying further a strong adjustment programme, which will have to be sustained over the years," the report says.

"Even with such a programme, the projected financing gaps are likely to remain very substantial in the immediote future."

The IMF estimotes that Egypt's deficit on its trade balance this year will be more than $6bn (£4.3hn) that the shortfall on its current account will be about $1.8bn and its overall balance of payments will be in arrears about $1.3bn after registering a modest surplus in 1983-84.

The fund warns against drawing down further the foreign assets of the central bank of Egypt, put at $2.7bn, or enough to cover strategic imports for just three months, and those of tho four large Egyptian public sector banks.

The report notes the high level of Egypt's external indebtedness (a deht service ratio of about 35 per cent of total current account receipts), and says recourse to commercial foreign borrowing would not be prudent.

While the present foreign exchange stringency could be tackled by depressing imports, such an approach would not address tha problems facing the economy, the report says.

"Therefore, in order to maintain imports at a level commensurate with a modest growth of investment and economic octivity and in order to create employment opportunities, there is an urgent need to . . . implement a comprehensive package of vigorous measures aimed at redressing Egypt's structural problems in the exchange system, pricing and public finances, supported hy appropriate demand management policies, that will create the proper environment for increased domestic production.

"Such an adjustment effort would give donors, creditors, and foreign investors confidence that the structural weaknesses of the balance of payments are being successfully tackled and that the deht service burden will decline over time."

Egypt's pricing (prices for agricultural products, notably cotton, are depressed) and exchange rate policies have encouraged an inoppropriete pattern of economic development and resulted in high retes of inflation, according to the report.

Agriculture, in particular, has seen a continuing shift away from crops (cotton, wheat and rice) for which Egypt has a comparative advantage, toward crops (maize, stockfeed and fruit) that have been relatively free of government controls.

In the external area, non-oil exports stagnated in nominal terms after 1975 and the external trade balance in agricultural commodities shifted from a surplus of $300m a year on average in the early 1970s to an annual deficit of $2.5bn in the early 1980s.

The IMF notes that these "shortcomings" were recognised in the five-year plan for 1982/83-1986/87, which aimed at encouraging growth in labour-intensive industry and agriculture and raising domestic saving. However, the plan did not incorporate specific policies to attain these objectives.

The report forecasts a "serious deterioration" in the balance of payments in the medium-term, with a financing gap of $2.6bn for 1985/86, assuming that arrears accumulated in 1984/85 are cleared.

The overall balance of payments is expected to register, on average, deficits of $3bn until the end of the decade.

The IMF staff appraisal says that during the late 1970s and early 1980s, Egypt's economy benefited from rising oil export receipts, Suez Canal dues, emigrants' remittances, and foreign aid.

While these foreign exchange inflows contributed to strong overall economic growth, hnwever, they concealed a weakening of the tradeable goods sectors and nf the balance of payments dne largely to widespread and large price distortions.

The report concludes that, given the projected deterioratinn of the externel environment for Egypt (a weak oil market) in the period ahead, tha expected slow response of non-oil exports to policy action and the relatively limited scope for an orderly and equitable reduction in aggregate spending, a viahle improvement in the balance of payments can only be envisaged in the medium-term.

Closing tho projected external financing gaps, including an orderly settlement of external payments arrears, will not only need tha prompt adoption of a strong adjustment package that will be sustained over the years. It will also have to rely on the co-operative and active participation of Egypt's donors and external creditors.

"Delays in adopting such comprehensive adjustment can only exacerbate the present difficulties, lead to the erosion of tha sociol gains already achieved, and make inevitable adjustment at e later date even more painful," says the IMF.

UK NEWS

Bank seeks to delay further base rate cuts

BY PHILIP STEPHENS

THE BANK of England yesterday signalled that it is not yet prepared to see a fall in British interest rates, despite confirmation that the most closely watched measure of the money supply fell last month.

As the West German and Dutch central banks announced cuts in their borrowing costs and British building societies lowered mortgage charges, the Bank resisted attempts by the London discount houses to engineer a small cut.

It forced the houses – which act as intermediaries between the authorities and the banking system – to borrow money at a rate in line with the present base rate structure of 11½ per cent.

The move confirmed the recent official stance that the two half-point cuts in base rates last month did not signal that the Government was significantly loosening its anti-inflation strategy.

In recent weeks, there has been some speculation in the City of London that the Treasury's concern over the need to maintain economic growth could lead it to push interest rates down at a speed which might undermine sterling on foreign exchange markets.

The official line, however, is that while the Government does not want to keep interest rates high for any longer than is necessary, it will not take any risks with the exchange rate.

Yesterday's figures for the money supply showed that sterling M3, the measure of broad money targeted by the Government, fell by 0.7 per cent in July.

Its annual growth rate of 12.1 per cent, however, remained far outside the official 5 to 9 per cent target range, and the Treasury continued to downplay its significance in policy.

It believes that sterling M3 has been distorted by the rapid liberalisation of financial markets so that its rapid rise does not signal an upsurge in inflation next year. Instead, policy is focusing on the exchange rate and other monetary indicators.

The narrow money supply measure, Mo, rose by 5.1 per cent in the year to July, well within its 3 to 7 per cent target range, while the pound has apreciated sharply in recent months.

Mr Nigel Lawson, the Chancellor of the Exchequer, is widely expected to clarify official policy at his annual speech at the City'a Mansion House in the autumn, although officials insist that there is no question at present of abandoning the target for sterling M3.

The July money supply figures also underlined the fairly relaxed approach of the authorities to containing the growth of sterling M3 through sales of gilt-edged securities. Net gilt sales to the non-bank private sector were negligible for the second successive month.

The momentum of funding has picked up in recent weeks, but brokers reported little interest yesterday in a tender offer of £800m of 9% Treasury 2002 stock. They estimated that only about £100m to £150m had been sold.

Mortgage costs to fall by 1¼ points

By Clive Wolman

BUILDING societies yesterday agreed to a reduction in the house mortgage interest rate of 1.25 percentage points to about 12.75 per cent.

Some larger societies also announced the abolition of differential interest rates which penalise larger borrowers. For most borrowers, all the changes will take effect on September 1.

The council of the Building Societies Association agreed that a cut in both the basic mortgage and investment rates was "appropriate" and suggested that a 1.25 percentage point cut be applied equally to both rates. This will have the effect of widening the margins between the societies' mortgage and deposit rates.

The interest rate cut will reduce the retail price index by 0.4 percentage points. The Confederation of British Industry welcomed the cut as "good news in the battle against inflation" and said there should be further cuts in line with market interest rates.

The "predominant" mortgage interest rate charged to most borrowers with repayment mortgages will fall from 14.0 to 12.75 per cent next month on a flat rate basis. The true annual percentage rate, which building societies will be obliged to quote from September 1, will fall from, typically, 15.0 to 13.6 per cent.

Monthly mortgage repayments will consequently fall by just over £10 for every £10,000 borrowed, excluding the effect of tax relief.

MANAGEMENT READY TO ENFORCE SACKINGS IN DRIVER-ONLY TRAINS DISPUTE

Rail guards vote to defy ultimatum

BY JOHN LLOYD, INDUSTRIAL EDITOR

A MAJORITY of British Rail guards in dispute with the management over plans to introduce driver-only trains yesterday voted to defy an ultimatum to work normally from today. Britisb Rail said the guards would be dismissed unless an undertaking was given.

Their decision seems to make inevitable a national confrontation between the National Union of Railwaymen (NUR) and the rail management. A strike ballot is to be held among all 11,000 railway guards on August 29.

In Glasgow, a two-hour meeting of 180 guards showed a "unanimous" feeling not to return to work while one-man operation was attempted. Mr Jim Hally, an NUR national official, said no vote was taken because "there was no need to vote."

Mr Hally said that many of the men were worried by the sacking threat contained in the letter to them from BR, but said: "They have come here today, looked at their mates and there hasn't been one saying he wants to go back and work under the conditions BR are dictating."

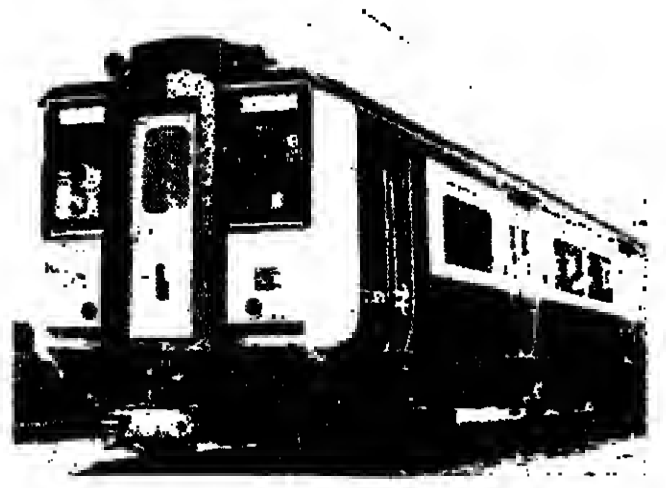
He said that guards at other stations had volunteered to support the 180 Glasgow men, but they had asked them not to assist.

At the Margam freight depot in South Wales, 58 guards also voted to defy the threat; while at Llanelli, the 32 guards who joined the strike action four weeks ago voted by a majority to follow suit. Mr Viv Taylor, the NUR divisional officer, said after the Margam meeting: "They will not be intimidated by BR or anyone else." The Margam men have halted rail deliveries of iron ore to Llanwern steelworks from Port Talbot. The traffic is now being taken by road, as it was during the miners' strike.

Mr Taylor warned of a "massive spontaneous response from the membership" and said that other depots asked to operate one-man trains would produce the same response.

BR said last night: "Our position is unchanged. We will wait to see what happens when we reach the noon deadline tomorrow. Strikers will be sacked if they do not agree to work normally by then. Regrettably, a national stoppage appears to be a possibility, but we sincerely hope there won't be one."

Mr Chris Green BR'a general manager for the Scottish region, described the outcome of the Glasgow vote as "suicidal madness."



A train of the type which British Rail is seeking to operate without a guard.

Union gives red light over key issue of safety

The National Union of Railwaymen is claiming that trains run without guards could put passengers at risk. British Rail denies this, and says it will make cost savings. Brian Groom assesses the arguments at the heart of the growing dispute.

TWO ARGUMENTS are set to dominate the propaganda battle surrounding the dispute over British Rail's plans for driver-only working: is it safe to run trains without a guard at the back? Will it yield the kind of cost savings which BR claims?

In resisting driver-only trains, the National Union of Railwaymen'a central argument is that even with new technology, including better communications between trains and signal boxes, safety would be undermined by removing the guard.

The BR board says the NUR is highlighting this issue because it knows it cannot win public sympathy for a fight against the loss of only 1,760 jobs over five years, with a guarantee of no compulsory redundancies.

BR says driver-only trains have operated safely on the Bedford to London-St. Pancras line for two years. It claims that system is in some respects safer than the old one. The automatic equipment which has taken over the guards' job errs on the side of safety and sometimes causes false alarms, it says.

The equipment includes devices to alert signalmen of trouble and stop other traffic on the line, and switches which trip as the train passes a signal box and turn signals behind it to red. A radio link allows the signalman to talk to the driver, call help and talk to passengers, and a "dead man" pedal, which applies the brakes when the driver removes his foot, stops the train should be be suddenly taken ill.

BR claims that driver-only trains have worked safely on the European continent for some time. The union says the British signalling system is out of date – denied by BR – and that safety standards will be reduced if guards are removed. It argues that the board does not have the resources to improve existing safety equipment.

The NUR points to a recent increase in accidents. The number of derailments, for instance, has risen from 148 to 230 between 1981 and 1984. These did not involve driver-only trains, but the union argues that the danger would be greater without a guard.

It says the role of the guard was crucial in preventing recent serious incidents turning into disasters. These included trains hitting beer barrels left on the line, bricks thrown through cab windows, trains which passed red signals and were stopped by guards, and coupling failures.

If there was a fire, the union says, the driver of a one-man train would by himself have to stop the train, fight the fire, get the passengers off, and take measures to protect the train. Two guards in the Liverpool area recently received awards from BR for protecting passengers during fires.

The NUR claims the management is ignoring what would happen if the driver became ill and was not capable of radioing the signal box. The union paints an alarming picture of passengers disembarking unassisted on to electrified lines.

On freight trains, the NUR says there would be danger because BR does not yet plan to introduce radio links between the driver and the signal box. If a train breaks down, the union says, the driver could have to walk 1½ miles to contact a signal box, leaving the train unattended for at least 30 minutes.

The BR board disputes all these points, claiming that the new system is safer even if the driver is taken ill. The signalman would see on his track circuit board if a train had stopped, radio the driver, and if there was no reply would contact the emergency services.

The signalman could then talk to the passengers directly and ask them to wait patiently on the train. This is quicker than the old system, BR says, because without the radio link a guard would have to walk to a trackside telephone to tell the signalman what had happened.

BR makes the same argument about a fire: that a driver could radio immediately for the emergency services. It dismisses the vision of passengers disembarking unassisted in dangerous circumstances. It says that the sliding doors on the one-man trains are more of a disincentive to getting off than older doors, and that the signalman can talk to the passengers.

On freight lines, BR says driver-only trains would operate only on "track-circuited" lines – where the signal box could monitor their progress – and only where telephones were no more than 1,000 yards apart. They would not be allowed to carry dangerous goods.

The two sides are far apart on the issue of efficiency and cost-savings from driver-only trains, which BR says will save £27m a year after five years. The NUR says the saving in disposing of a guard would be less than 1 per cent of the revenue for each freight train, allowing little saving on freight rates.

The experience of the Bedford to St Pancras line has created some common ground, in that BR has offered to double to 32 the number of guards redeployed to duties like checking tickets or collecting fares. BR recognises that they have more than paid their wages in additional revenue. But the BR board is a long way from meeting the NUR's claim for a guard on every train – which in the case of that line would mean 64.

The drivers, who are mostly members of the separate union Aslef, are very much in the background. BR believes they are keen to drive the new trains because this would bring them an extra £7.32 a shift.

Many of them, however, have been boycotting training sessions for driver-only operation.

Quarterly dip in business investment

By Max Wilkinson, Economics Correspondent

BUSINESS investment fell back sharply in the second quarter of the year, compared with the high level in the first quarter, according to the latest official estimate out yesterday.

Figures showed, however, that for the first six months of the year as a whole investment by manufacturing industry, including assets leased from owners in financial industries was 15 per cent higher than the level a year earlier. Overall the rise was 14 per cent for the period.

In its budget forecast in March, the Treasury said business investment seemed set to show a further large increase this year after the 12 per cent rise in 1984.

Nevertheless, there has been some official anxiety about the effect of phasing out the former 100 per cent investment allowance which could be set against corporation tax liabilities in the first year. Last year, the first year allowance was cut to 75 per cent; it is now 50 per cent and will be reduced to 25 per cent next year.

The size of pre-budget surge in investment took Whitehall by surprise and sparked off some anxieties about whether there would be a severe reaction later this year and next, when the economy may be slowing down.

However, preliminary estimates by the Department of Trade and Industry show that although investment fell by 14 per cent between the first and second quarters, the level was still 3 per cent higher than the quarterly average for last year.

Separate figures from the department carried the cheering message that the sharp reduction in stocks in the first quarter of the year, appears to have ended.

In the first three months of the year, the total value of stocks at 1980 prices fell by £570m, which was more than the total reduction in 1983 and 1984 put together.

Complete data for the second quarter is not yet available, but preliminary figures show that manufacturers rebuilt stocks by £120m compared with a cut of £380m in the first quarter.

The distribution industry continued to reduce inventories, by about £160m in the second quarter compared with £110m in the first quarter (all at 1980 prices).

The recent anxieties of manufacturers about export prices in the face of a strengthened pound, have put renewed emphasis on the trend of domestic demand, to which overall investment is an important contribution.

In the longer term, buoyant investment is seen as an essential step towards gearing up the economy towards higher employment levels.

A recent paper by the London Business School's Centre for Economic Forecasting suggests that one of the obstacles to full employment may be that a large amount of economic capacity has been scrapped and not replaced.

Structure planned for breakaway pit group

BY HELEN HAGUE, LABOUR STAFF

BREAKAWAY miners' leaders who are working to establish an amalgamated union aimed at rivalling the National Union of Mineworkers (NUM) are holding a meeting next week to draw up the final plan for the structure of their organisation.

Officials and lawyers from Nottinghamshire, South Derbyshire and the Colliery Trades and Allied Workers Association (CTAWA) – a small breakaway union based in Durham – have already met twice to consider the organisation of the planned grouping – provisionally named the Union of Democratic Mineworkers.

It intends to bring together 28,000 Notts miners, 3,200 South Derbyshire pitmen and the CTAWA, which claims a 1,300 membership.

All three groupings will ballot their members on the breakaway issue in late September.

The draft plan – which will have to be endorsed by the executives of the three constituent bodies – stipulates that there will be only one paid official for the amalgamated union – the general secretary.

He is to be drawn from within the leadership of the three groups and will be elected by the membership for n five-year term.

Each union within the amalgamated body will be dubbed a "section" and will retain autonomy over its own assets and finances.

The draft structure envisages that the president and vice-president will each serve for a year and will be nominated by sections on a rota basis. The vice-president will be president-elect for his year of office in an attempt to maintain continuity.

Steps have been taken in the drafting of the structure to ensure that the Notts area does not dominate the union's organisation through its projected numerical strength.

The make-up of the union's executive has been proposed as one member each for South Derbyshire and CTAWA and three for Notts – though this could be modified at next week's meeting.

A council – modelled on the lines of the Notts area council – is also proposed as a check on the executive's decision-making powers. It is unlikely to number more than a dozen.

The grouping would be loose enough to allow each section considerable autonomy, according to Mr Roy Lynk, general secretary of the Notts area miners. However, it plans to negotiate collectively on wages.

Customs increase urged

BY OUR LABOUR STAFF

CIVIL SERVICE union leaders yesterday announced a detailed claim for an extra 1,263 customs officers to fight drug trafficking at Britain's ports and airports.

The Society of Civil and Public Servants and the Civil and Public Association called on Mrs Margaret Thatcher, the Prime Minister, to honour her pledge last week to provide more resources if necessary to combat drug smuggling.

They said more than 1,000 customs jobs had been cut since 1979, leaving 9,500 staff in the front line, while smuggling had increased. The increase in traffic meant that the real cut in staffing levels was about 30 per cent.

Whitehall officials claim that the reduction in the number of uniformed staff on preventive duties has been only 500 and that there has been an increase of 150 staff for investigation and intelligence gathering.

Freddie Laker's lengthy legal battle approaches a climax

BY DUNCAN CAMPBELL-SMITH

YET ANOTHER delay this week in the courtroom resolution of Sir Freddie Laker's tangled affairs must have set him on the path to some kind of record for sheer persistence in the face of legal adversity.

But this morning, Vice-Chancellor Sir Nicholas Browne-Wilkinson will sit down in the High Court in London for what he has told all interested parties must be positively the last stage of Sir Freddie'a current appeal against the out-of-court settlement of the Laker Airways anti-trust battle. If the Vice-Chancellor rejects his appeal, Sir Freddie could find himself only days away from legal oblivion.

Sir Freddie has asked the High Court to withhold approval from the anti-trust settlement negotiated in the U.S. between Mr Christopher Morris, the Laker Airways liquidator, and 12 defendants, including British Airways, whom Mr Morris had sued for $1.1bn in triple damages.

Sir Freddie wants Mr Morris to press ahead with his suit in the U.S. courts. Mr John Beveridge QC, counsel to Sir Freddie, spent the whole of Monday arguing to the Vice-Chancellor in closed court that success for Mr Morris could entail enormous compensation for Sir Freddie.

The proposed settlement, by contrast, offers him nothing directly – though the defendants have offered him $8m as a private payment.

Mr Morris's own counsel then spent much of Tuesday, again in closed court, expounding the liquidator's view that even a successful court action would leave little or nothing for Sir Freddie at the end.

Mr Morris's lawyers toiled through the night before Wednesday'a renewal of the hearing. They presented the court with a review of the merits of the anti-trust case in the light of all that had happened – a review designed not to draw the Vice-Chancellor into a debate of the merits, which he has always refused to countenance, but rather to show the carefully calculated basis of Mr Morris's decision to settle out of court.

Sir Freddie's counsel asked for time to study this review: hence Wednesday's surprise adjournment. But both sides meet today knowing that the Vice-Chancellor is determined to avoid further delays if at all possible.

If Sir Nicholas rules in favour of the appeal, his judgment would almost certainly kill the settlement. Full trial of the anti-trust suit would be the likely outcome, according to U.S. Judge Harold Greene, who has presided over the case in Washington for nearly three years.

The timing of a jury's final decision would then be anyone's guess. The Vice-Chancellor said on Monday he thought 1989 looked "a highly optimistic date by which anyone would get his hands on any money."

If Sir Nicholas rejects the appeal, Sir Freddie is confidently expected to turn straight to the Court of Appeal. Indeed, the higher court is understood to have been standing by this week to hear the case, if necessary.

Rejection by the Court of Appeal next week would mean the end of the road for Sir Freddie's fight with the liquidator in the English courts – unless he were granted permission to turn to the House of Lords, which is widely thought to be most unlikely.

In short, Mr Morris would be left with one final hurdle: the Royal Court in Jersey, where Laker Airways is registered. Its approval for the settlement will be sought on Monday. Whether it will be an open or closed hearing, whether Sir Freddie will oppose approval and whether or not be would resort if necessary to the Jersey Court of Appeal were all matters for conjecture in the London courts this week.

Defeat for Sir Freddie in England and Jersey would leave Mr Morris and his defendants free to consummate their settlement – and BA free to proceed with its privatisation plans, unembarrassed by a billion dollar contingent liability.

Sir Freddie, his legal advisers and business associates – including Lonrho – will then have to decide whether to launch a fresh civil suit of their own, alleging U.S. anti-trust violations against Laker Airways. But thet will be another story.

Wedd recruits team from rival jobber

BY GEORGE GRAHAM

THE BATTLE for market-making talent in the City of London heated up yesterday as leading stockjobbers Wedd Durlacher Mordaunt recruited a dealing team from rival jobber Smith Bros.

Smith is to lose its three-man textiles pitch, made up by Mr John Pegrum, Mr Melvyn Marks and Mr Clive Richmond. Mr Pegrum and Mr Marks will be joining Wedd as partners.

Mr Graham Ferguson, senior partner of Wedd, said that the Smith team had made the first approach over the move. This was denied by the dealers themselves and was heavily discounted by market observers, who interpreted his comments as an attempt to stop the announcement from causing another round of staff poaching.

Wedd itself, which is linked with Barclays Bank and stockbroker de Zoete & Bevan, has recently lost large numbers of dealers to rival securities groups. After the departure in February of Wedd's European dealing team to stockbrokers Savory Milln, the firm was hit last month by the defection of eight dealers, led by Mr Charles Hue Williams, to merchant bankers Kleinwort Benson. Another Wedd partner is leaving to join brokers James Capel.

The belief that Wedd had reached a non-aggression pact with its main jobbing rival Akroyd & Smithers was dented a fortnight ago when it recruited one of Akroyd's senior oils dealers.

Smith Bros, which has formed links with merchant bank N. M. Rothschild and with brokers Scott Goff Layton, forms part of the second tier of stockjobbers behind the two giants, Wedd and Akroyd.

In textiles stocks, however, it has recently made much of the running. Wedd's acquisition of Smith's textiles pitch is expected to bring it significant amounts of the sector's dealing.

● The entire institutional staff of stockbrokers Montagu Loebl Stanley is leaving in anticipation of its takeover by Save & Prosper, the unit trust group.

Save & Prosper is interested only in Montagu's private client and asset management operations. Montagu has therefore helped to place the institutional department with a number of other stockbroking firms, with the assistance of Phoenix Securities, which advised Montagu on the takeover arrangements.

Competition mounts in coin export markets

BY JAMES McDONALD

THE ROYAL Mint is meeting fierce price competition from Canadian and West German producers in the coin export production market either for use as currency or for collectors.

In the Mint's annual report for the year to March Dr Jeremy Gerhard, chief executive, says the organisation's £5.6m operating profit was achieved despite price competition on circulating coin due to world coinage capacity exceeding demand.

This competition comes mainly from Canada – the Royal Canadian Mint based in Ottawa with three producing plants – and from West Germany. The West German coin producers, although trailing behind the UK and Canada in overseas coin sales, are selling their coin pressing machines to both Canada and Britain.

The Royal Mint – put on a commercial footing 10 years ago – produced coins for 67 countries last year from its South Wales plant and, with the phasing-out of the £1 banknote, issues of £1 coins reached 570m by the end of July – 95 per cent of the £1 notes in circulation before the introduction of the coin.

Unions aim for dynamic economy

John Lloyd looks at the central features of the Trades Union Congress annual review

THE TRADES Union Congress (TUC) economic review, launched earlier this week breaks with previous tradition in two ways. First, it is published just before the TUC's annual conference in order to influence, and set the tone for debate, and second, it puts at the centre of its recommendations a concern to create an efficient, highly productive and dynamically changing economy.

It is shorn of almost all of the planning mechanism detail which has been thick on the ground of previous documents of this kinds. It also has an explicit strategy for the supply side of the economy – a borrowing, of nomenclature at least, from Reaganomics.

The basis of its programme – large parts of which are likely to find its way into the Labour Party'a next general election manifesto – is the creation of a society in which technical change and productivity improvements are embraced because security of income and of social welfare is assured. It is this ideal, of change through agreement, which is counterposed to what the review sees as the present change through coercion.

An indispensable element in the mix is the reduction of working time, indispensable because the policies to increase productivity and stimulate investment would not of themselves create a net increase in jobs (indeed, might be responsible for losing them).

A further component would be an increase in spending on the public services which would "both add directly to jobs and give a boost to the more equal distribution of resources in the economy."

With this broad approach, the main elements in the programme are:

● A public investment programme totalling £30bn over the next five years in the country's infrastructure. The TUC believes it has organised a consensus on this, with companies and the Confederation of British Industry adding their voices to the call for more public investment (though on a considerably smaller scale).

Over the next year, the TUC has already called for an increase of £3.2bn on the Government'a public expenditure plans, and for a boost of £5bn to current spending – the aim of both these is to create more jobs and increase social provision.

● On the "supply side," the review aims to "fill the trade gap" when oil production runs down, and to "modernise and re-equip productive capacity." This would be achieved through the creation of National Investment Bank, through shifting more resources into research and development, through increasing support for high technology and expanding training provision.

On public ownership, the review is coy, referring only to a review being carried out by unions on the issue. It is clearly not a priority to expand the state sector.

● A social and legislative framework is proposed to provide an underpinning for those put out of work. The aim here is to "provide a reasonable minimum level of wages to ensure that competition takes place on the basis of quality of products not on the poverty level of wages."

The TUC calls once more for "positive rights for workers" and for possible legislative support for wages – both areas where policy is unclear, largely because of division among unions, or division between the Labour Party and the unions.

It also recommends a "fair wages strategy." It would seek to raise low pay, to develop higher real living standards and ensure equal pay for work of equal value – but the issue of whether or not there is to be an incomes policy, and of what nature is left for another day nearer the next general election.

Wellcome tops private-sector profits league

By Lisa Wood

THE WELLCOME Foundation, the UK pharmaceuticals company, was identified yesterday as making not only the highest pre-tax profits of any privately-owned company In the UK but also recording the greatest percentage increase in profit. The survey, published by Jordans, the business information group, covered some 2,000 companies.

Wellcome made £89m pre-tax profit in the year to August 1984, an increase of £28.3m on the previous year's trading.

Other high pre-tax profit earners in the survey included Aspinall Holdings, the investment and casino business, the Virgin group, best known for its records business but which launched its transatlantic airline last year, and William Grant & Son, the Scotch whisky company which leads sales of malt Scotch whisky with its Glenfiddich brand.

Irish offshore deal

BY RICHARD JOHNS

BRITISH GAS will become an exploration operator outside the UK for the first time as a result of an agreement between Hydrocarbons Ireland (HIL), its wholly-owned Irish subsidiary, and the Shenandoah Group.

HIL has acquired from the group a 60 per cent share in three offshore blocks about 30 miles north east of Rosslare on the east coast of the Irish republic. Shenandoah has already carried out seismic work in the blocks.

HIL has an interest in nine other Irish offshore blocks including a 14 per cent stake of one in which British Petroleum, the operator, recently found gas.

THE PROPERTY MARKET BY MICHAEL CASSELL

Flotation plan for £200m business park

PLANS FOR a 200-acre business park alongside the M4 motorway at Reading have been unveiled by a development partnership which intends eventually to seek a public flotation for the £200m investment.

Bill Higgins, managing director of Bucknell Brothers (Holdings), one of the development partners, says the proposal is to create "a 1980's version of Slough Estates," with one of the country's best business parks as its principal asset.

Along with Rickworth Securities, a joint company between Lesser Land and Caversham Bridge Holdings, Bucknell has just submitted detailed plans to develop an area of poor quality agricultural land adjacent to the Courage brewery plant and close to junction 11 of the motorway.

The first phase of the project, to be known as Reading Business Park Axiom 4, will comprise about 2.25m sq ft of conventional industrial space and high-tech accommodation.

The move represents the culmination of about three years' work by Bucknell and Rickworth, who own or control the site and who are prepared to spend around £12m on infrastructure in their bid to get the land rezoned for development. Plans include a new relief road from the motorway and improvements to Junction 11. Release of the site is supported by Reading Borough Council and Wokingham District Council.

The business park will be developed at a low density, with Bucknell and Rickworth each taking on half of the initial 130 acres of net developable land. The private, landowning interests behind the two partners have an extensive, additional land bank adjacent to the site, allowing the business park to be expanded initially to 340 acres and then beyond.

Higgins, a one-time colleague of Stuart Lipton at the old Sterling Land, says a key to the venture's success is the partnership's ability to bring land on line for development as it is required: "Other projects on this scale mean the developer has to find heavy, front-end finance, the cost of which has to be carried throughout the development programme. We will simply draw in the land already in our ownership as we require it."

Higgins says the partnership will be seeking a funding partner which will invest in the project, in return for a share of the equity in the company being created to own and run Axiom. A U.S. bank and a Scottish insurance group are known to be interested.

Work on the first 40-acre "sub-phase" could start next June. About half will be sold off as serviced sites and there will be turnkey buildings as well as speculative space—options to be repeated across the entire park. Rents for industrial space will be around £4.50 a sq ft while high-tech accommodation is expected to command between £7-£10 a sq ft.

Birmingham plays recovery game

WITHIN site of Spaghetti Junction and the stands of Villa Park, one of Britain's biggest engineering groups is taking a multi-million pound property gamble.

On 110-acres of land with a history of manufacturing stretching back over 600 years, IMI is attempting to create a fresh working environment for a new generation of businesses. The group's efforts, which are being closely watched by the local property market, in many ways epitomise the region's determination to get back on its feet after an unprecedented economic knock-out.

No one event did more to drive home the extent of the region's plight than its recent designation as an assisted area, a move which deeply dented local pride but which was accepted by realists as a necessary part of a desperately-needed recovery package.

IMI's Holford development, now taking shape alongside the M6 motorway on land made redundant by advancing technology, neatly encapsulates the problems which brought the region's property market to its knees. The corporate shake-out left once prosperous towns like Walsall, Wolverhampton and Wednesday reeling while names like Alfred Herbert and Moss Engineering, as well as a mass of smaller companies, paid the ultimate price.

Their demise or contraction left behind countless acres of unwanted, outdated industrial space as monuments to past prosperity. At the depth of the crisis, companies like Rubery Owen were forced to remove roofs from their buildings, in a desperate manoeuvre to avoid rates.

IMI, too, had a growing stockpile of unwanted property, unsuitable for other use and effectively unsaleable. Rather than do nothing, the group decided to turn property developer and the first 80,000 sq ft of speculative space on what could ultimately be a 2m sq ft project is now complete, with the first tenants lined up.

Only 10,000 sq ft has been let, although a deal for a further 58,000 sq ft seems close. With 675,000 sq ft to go in the first £28m phase, it is far too early for IMI to hang out the flags over its Witton headquarters. And just as no one is yet claiming the Holford project is an unqualified success, neither is anyone daring to suggest that the local property market has made a full recovery. There are signs, however, that the worst is over.

Freddie Dyer, head of the industrial department at Colliers Bigwood and Bewlay, remembers having under 3m sq ft of factory and warehouse space on his books in 1979. By 1982, the figure had risen to over 10m sq ft: "In the end, we did not even bother to measure up. There was no point. he buildings had no value."

Now, the stock of vacant space is declining, though substantial amounts of industrial property will never again be used and large areas of land are, for example, being rezoned for residential use by the local authorities.

"The overall position is still bad and although things are undeniably improving, we are still talking about reverse premiums and rent-free periods of up to a year. Neither are tenants keen on long-term commitments and landlords are having to play the game by conceding break clauses."

Dyer says he has just completed rent reviews on an estate which have thrown up a 10 per cent uplift over the past five years. In the previous five years, rents doubled for the same investment. Prevailing rents for the average industrial shed are down to £1 a sq ft or less while modern factory accommodation in small units is still well under £3 a sq ft.

Dyer adds: "Small wonder that institutional investors have not been interested in the market. They have either held what they already own or sometimes managed to sell off chunks of their portfolio to smaller, private investors. New industrial development of any kind has been very hard work, with owners concentrating on trying to fill what they already have."

Rob Bould, a partner in Grimley's investment department, accepts the uphill struggle involved in attracting major investors back to the region but emphasises that some of the "independent thinkers" among the major funds are again spending money. "Last time round, many investors looking at cities like Birmingham took West End of London advice, based on West End of London figures and got burned. But buyers can now get a lot of property for their money and some locations actually hold out the prospect of super growth."

Bould is particularly bullish about Birmingham's prime office core along Colmore Row, where expansion is being stifled by a powerful conservationist lobby.

"Developers need a lot of time and patience to get any schemes through but they know people want to be in the heart of the City's office area and that they are prepared to wait for the right space. All the local agents have tenants up their sleeves ready to pay higher rents for the correct address, while major office schemes around the ring road remain largely unlet. There is not a prime office development with its own front door available in the inner core and any schemes which get the go-ahead are well placed for pre-lets," according to Bould.

Scottish Amicable's 30,000 sq ft office scheme in Cornwall Street provides a good example. Not yet completed, the new building has been two-thirds pre-let to an accountancy firm at around £7.50 a sq ft. Bould adds: "If we had a new office scheme in Colmore Row, we would probably achieve up to £9 a sq ft."

Some agents say that £10 a square foot is now on the way, but that particular barrier still seems some way off and would clearly only apply to exceptionally good, well-located properties. But Brummies are, above all, optimists and the City prepared to have a go at staging the Olympics is again looking ahead, rather than over its shoulder.

Tenants line up at London Bridge City

CITICORP is understood to be negotiating floorspace in London Bridge City, the 2m sq ft commercial and leisure complex being developed on the south bank of the Thames by the St Martins Group.

The move follows the U.S. bank's recent £10m purchase of Billingsgate Market, in which it intends to house its securities trading operations. When it appeared that Samuel Montagu had decided against occupying the two new office towers being developed alongside the market building, Citicorp was apparently ready to take the 185,000 sq ft of space pre-let to the merchant bank. Montagu, however, subsequently decided to move in.

The decision has left Citicorp looking for additional space and it is thought it now wants to house its back-room operations in part of Cottons, the 312,000 sq ft glass-clad centrepiece of the first phase of the St Martins development.

It also looks as though St Martins might have another major tenant lined up for London Bridge in the shape of Price Waterhouse, the accountants. The firm, which will not comment on the situation, is thought to be talking terms on part of No 1 London Bridge, the 183,000 sq ft "gateway" to the entire development.

It emerged this week that, having finally decided to move into Billingsgate, Montagu intends to house its own new trading operation in 65,000 sq ft of the tower complex. A bridge will be built, connecting the building to neighbouring St Magnus House, occupied by Midland Bank, Montagu's parent.

● British Rail Property Board is selling the 13-acre site fronting the river Thames at Chelsea Basin to the P&O-UK Provident Institution consortium which made the highest bid for the land and which plans a £100m development. The BR decision followed talks with the London borough of Hammersmith and Fulham and the resulting development will include residential, industrial and leisure facilities.

● Neale House Investments, in partnership with the Co-operative Insurance Society, has started redevelopment of 470-482 Oxford Street, in the West End of London. The scheme, with an ultimate investment value of over £30m, will provide 100,000 sq ft of retail space—a department store and three shops—on a site adjoining the Marble Arch store of Marks and Spencer, which is taking the 77,500 sq ft of department store space. Bally Shoes, Richard Shops and Ratners are lined up for the separate units. Sole letting agents are Healey and Baker and Bernard Thorpe.

Company Notices

FREE STATE DEVELOPMENT and INVESTMENT CORPORATION LIMITED

(Incorporated in the Republic of South Africa)
Registered No. 05/16931/06

NOTICE TO MEMBERS

ANNUAL GENERAL MEETING

The forty-first annual general meeting of members of Free State Development and Investment Corporation Limited will be held in the board room, Consolidated Building, Fox and Harrison Streets, Johannesburg, on Friday 6 September 1985 at 10.30 am for the following purposes:

1. To adopt the financial statements for the year ended 30 June 1985.
2. To elect directors.

Special business

3. To consider and, if deemed fit, to pass the following resolution as a special resolution:
"That the authorised capital of the Company be and is hereby increased from R2 000 000, divided into 4 000 000 shares of 50 cents each, to R3 000 000, divided into 6 000 000 shares of 50 cents each, by the creation of 2 000 000 shares of 50 cents each, which shares shall, upon issue, rank pari passu with the existing shares of the Company."
4. To consider and, if deemed fit, to pass the following resolution as an ordinary resolution:
"That subject to the passing and registration of the special resolution increasing the capital of the Company from R2 000 000 to R3 000 000, to grant in accordance with Section 221 of the Companies Act, 1973, a general authority to the directors to allot and issue the unissued shares of 50 cents each in the capital of the Company upon such terms and conditions as they may determine but subject to the rules and requirements of the Johannesburg and London Stock Exchanges."

The reason for the special resolution is that the Company may wish to raise additional funds by means of a rights issue in order to finance further exploration and to take advantage of any business opportunities that may arise.

The effect of the special resolution will be to increase the Company's authorised capital from 4 000 000 shares of 50 cents each to 6 000 000 shares of 50 cents each.

Any member of the Company is entitled to appoint a proxy to attend, speak and vote in his stead. A proxy need not be a member of the Company.

The share transfer books and the register of members will be closed from 31 August to 6 September 1985, both days inclusive.

By order of the board
JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, LIMITED
Secretaries
per: D. A. Freemantle
London Secretaries:
Barnato Brothers Limited
99 Bishopsgate
London EC2M 3XE

Head Office and Registered Office:
Consolidated Building
Fox and Harrison Streets
Johannesburg 2001
Postal address:
P.O. Box 590, Johannesburg 2000
14 August 1985

THE PACIFIC FUND S.A.
société anonyme d'investissement
Registered Office:
Luxembourg, 14, rue Aldringen
R.C. Luxembourg Section 7825

DIVIDEND ANNOUNCEMENT

The shareholders are hereby informed that the Annual General Meeting of August 9th, 1985 has approved the payment of a dividend of U.S.$0.045 per share to shares subscribed and in circulation on August 9th, 1985 payable immediately against presentation of coupon no. 3.

The shareholders can cash the dividend at following bank:
— BANQUE GENERALE DU LUXEMBOURG S.A.
27, avenue Monterey
LUXEMBOURG

THE BOARD OF DIRECTORS

MURRAY FUND S.A.
société anonyme d'investissement
Registered Office:
Luxembourg, 14, rue Aldringen
R.C. Luxembourg Section B 8535

DIVIDEND ANNOUNCEMENT

The shareholders are hereby informed that the Annual General Meeting of August 9th, 1985 has approved the payment of a dividend of U.S.$ 0.25 per share to shares subscribed and in circulation on August 9th, 1985 payable immediately against presentation of coupon no. 16.

The shareholders can cash the dividend at following bank:
— BANQUE GENERALE DU LUXEMBOURG S.A.
27, avenue Monterey
LUXEMBOURG
— CLYDESDALE BANK LIMITED
30, Lombard Street
LONDON EC3

THE BOARD OF DIRECTORS

HOPE STREET FUND S.A.
société anonyme d'investissement
Registered office:
Luxembourg, 14, rue Aldringen
R.C. Luxembourg Section 9621

DIVIDEND ANNOUNCEMENT

The shareholders are hereby informed that the Annual General Meeting of August 9th, 1985 has approved the payment of a dividend of U.S.$0.30 per share to shares subscribed and in circulation on August 9th, 1985 payable immediately against presentation of coupon no. 18.

The shareholders can cash the dividend at following bank:
— BANQUE GENERALE DU LUXEMBOURG S.A.
27, avenue Monterey
LUXEMBOURG
— CLYDESDALE BANK LIMITED
30, Lombard Street
LONDON EC3

THE BOARD OF DIRECTORS

BANK HANDLOWY W. WARSZAWIE S.A.

Floating Rate Note Issue of US$ 30 million 1979/89

The rate of interest applicable for the six months period beginning on August 14, 1985 and set by the reference agent is 9⅞% annually.

CAISSE CENTRALE DE CO-OPERATION ECONOMIQUE

Bond Issue of US$ 200 million Floating Rate Notes 1985/2005

The rate of interest applicable to the interest period from August 15, 1985 up to November 15, 1985 as determined by the reference agent is 8¼% per annum, namely US$209.24 per note of US$ 10,000.

Legal Notices

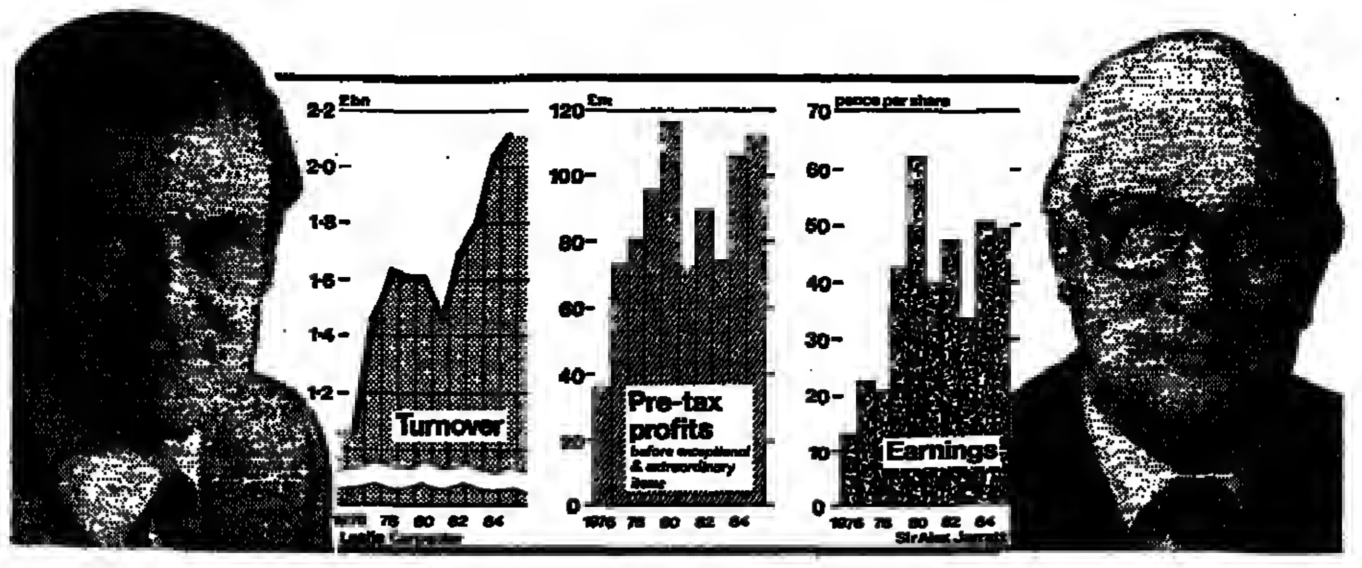
No. 003868 of 1985
IN THE HIGH COURT OF JUSTICE
Chancery Division
IN THE MATTER OF
QUEENS MOAT HOUSES P.L.C.
AND IN THE MATTER OF
THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice, Chancery Division dated 29th July 1985 confirming the reduction of the capital of the above-named Company from £41,169,949 to £41,069,949 and the Minute approved by the Court showing with respect to the capital of the Company as altered the several particulars as required by the above-mentioned Act were registered by the Registrar of Companies on 2nd August 1985.

Dated this 12th day of August 1985.
CLIFFORD-TURNER
Blackfriars House
19 New Bridge Street
London EC4V 6BY
Solicitors for the above-named Company

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ



How Reed redrew its future

Tony Jackson reports on the rapid transformation of the UK publishing and paints group

REED INTERNATIONAL, for so long a listless giant of British industry, is suddenly popular with the stock market. In the space of a couple of days last week Reed shares jumped by 10 per cent, topping the £7 mark for the first time in their history to value the group at over £830m.

Initially, the rise was prompted by bid rumours involving a range of predators from Lord Hanson to Metal Box. So far, there is nothing concrete behind the rumours. But bid talk is only part of the story.

Not for the first time, Reed is at a crossroads. The past 18 months have seen the most dramatic restructuring in the group's turbulent history. This was the final act in the 10-year chairmanship of Sir Alex Jarratt, rounded off by his retirement at the end of last month.

For many years, Reed has had the image of a rambling empire with little logic to its structure. Since the start of last year the structure has been drastically simplified. Disposals, ranging from Mirror Group Newspapers to the group's interests in wallpaper and building products, have taken Reed out of whole areas of business and raised not far short of £250m in cash.

In addition, somewhere around £100m has been spent on acquisitions. These have all fallen into what the group now sees as its three key areas — magazine publishing, paint and packaging.

Taking stock of his years of tenure, Sir Alex plainly has the feeling of a job well done. "Looking back," he says, "you can always argue whether the timing or the reactions were perfect. But I think we've finished the restructuring the company needed — there are no major problems ahead, and nothing needing the big financial provisions seen in the past."

Both Sir Alex and his successor as chairman, Les Carpenter (formerly chief executive, now combining both jobs), insist that the present group structure, both by product and geographically, is pretty well ideal. "We are now predominantly a UK and U.S. company," says Carpenter, "and we'll stay that way."

As to product areas, he says, "we've been intent for a long time on sticking to our last." Sir Alex concurs. "A lot of the problems in the mid-1970s were the result of pushing our talent too far. With the areas we have now, there are plenty of opportunities for Les to look for without going outside."

The problems referred to were in large part inherited from Sir Alex's predecessor, Lord Ryder, who left the group in 1974 to become industrial advisor to the then Prime Minister, Harold Wilson, and subsequently head of the National Enterprise Board. "When I took over in December of that year," Sir Alex recalls, "the biggest paper boom since the war had ended just six weeks previously. And because of the company's very rapid expansion in the previous four or five years, balance sheet gearing was over 200 per cent."

It would not do to make Ryder sole scapegoat for Reed's subsequent problems. Twenty years ago Reed was the UK's biggest paper maker, with capacity of 900,000 tons per year. In the early days of Ryder's tenure it became apparent that changes in the market—in particular the removal of tariff barriers against Scandinavian producers — left large-scale paper making in the UK with precious little future.

Ryder's response to this—an acquisition programme on the grandest possible scale—took Reed fairly close to the edge but included in his purchases was one which was of vital importance for the future. This was the publishing group IPC, which had been in a close relationship with Reed for some time and which brought with it a stake in the U.S. magazine publisher, Cahners. In the latest full year, publishing in the UK and U.S. notched up trading profits of £69m—54 per cent of the group total.

All the same, the early years of Sir Alex's tenure were a tough assignment. "In 1976-78," he says, "we had to set about a major reconstruction. Recession had hit the UK first, and overseas a year to 18 months later. First we had to reorganise our overseas investments, then reduce our debt, then eliminate our *cross-currency* exposures (one of Reed's problems was that its debt mountain was not matched to its assets in currency terms)."

This involved withdrawing from Australia and South Africa, reducing the assets in Canada, and selling off trade investments in companies such as Kimberley-Clark and ATV. By 1979/80, Reed had reduced its geographical operations to the UK, Europe and North America, and had brought gearing down to 40 per cent.

And then came 1980. "I've never forgotten that April," Sir Alex says. "That was the time when everyone stopped buying everything at once. What caught me out personally was the severity of the recession, and the way it brought problems to light faster than I'd expected."

And so, despite the efforts of the previous four years, Reed found itself wrestling with recession and further restructuring at one and the same time. But, Sir Alex insists, the problem was no longer financial. "Profits were down, but the cash kept coming. One reason for lower profits was that we took all restructuring costs on the chin each year — but it was all paid from cash flow, and debt was going down all the time."

That left one central problem — one which Jarratt and Carpenter are convinced is now solved, though some critics would disagree. That was to decide which out of Reed's rag-bag of businesses should be retained and built up, as part of a coherent strategy.

The logic of the resulting portfolio — publishing, packaging and paint — does not immediately leap to the eye. "But the key logic to me," says Sir Alex, "is that these are all areas in which we have totally proven management, and major market shares, and where there is growth potential."

Hence, for instance, the sale of the wallpaper interests. "There was no problem about market share *there*," Sir *Alex* says. "We were the biggest maker of wallpaper in the world. But it just isn't a growth market."

There are still some nagging doubts. For instance, it seems slightly inconsistent to sell the building products division—"some very good companies but we had to spend more or get out," comments Sir Alex—and hold on to the rump of the UK paper business.

Reed has closed or sold the great bulk of its UK paper operations, and has retained only those businesses whose defensive strategy is based on the use of waste paper rather than imported pulp as raw material. A good deal has also been spent on plant modernisation. Even so, this remains a business under relentless pressure from imports.

Then again, given Reed's great and growing strength in publishing — a business whose return on capital and cash flow characteristics put it well ahead of the rest of the group—why not go the whole hog, and strip the business down to a pure publishing house?

For several reasons, says Les Carpenter. "I've been in publishing for 35 years, and though it's had a good track record just recently, I can remember the days when it wasn't so hot. I don't want all my eggs in that basket. Besides, with price earnings ratios where they are, what would you buy?"

Sir Alex has another point. "Remember just how big we are in UK publishing already. We've been deliberately extending into local newspapers lately, but in other areas we would have monopoly problems if we went much further. We want to keep a UK base to finance our liabilities, shareholders included. So if it's not feasible to grow much in publishing in this country, there's a case for staying in other business areas."

Plainly, though, the main thrust is still into publishing. The sale of the building products division, for instance, should realise around £70m. "I suspect," Carpenter says, "that most of that will go into publishing."

Despite difficulties in the UK, there are several ways in which this can be done. In the past 18 months Reed has purchased Interior Design, Corporate Design and R. R. Bowker in the U.S.—all specialist magazine publishers to add to the Cahner empire. "But we've resisted moving into areas of publishing in the U.S. where we've no experience," says Carpenter.

Overall, the message is clear. Reed sees itself as having arrived where it wants to be. "It was always apparent what we had to do," says Les Carpenter. "*It was* just a question of getting from what the newspapers called an ailing paper giant to where we are now. And God knows, we've been working on it long enough."

The restructuring since March 1984

DISPOSALS

Company	Activity	Price (£m)
Mirror Group	National newspapers	90
London & Provincial	Poster advertising	17.7
Spicer-Cowan	Paper merchant	12.9
Crown & Sunworthy	*Wallpaper*	28.6
Sanderson	Furnishing fabrics	10.0
Adshel (50% interest)	Poster advertising	6.0
Building products division		n.a.*

* Book value £103.5m.

ACQUISITIONS

Interior Design Corporate Design	Magazines	31.8
Tramcom Corp.	Personnel management	1.0
Mega Newspapers	Free newspapers	4.6
Bensham Press	Free newspapers	7.6
Bullman Publishing	Free newspapers	1.1
Hooper Systems	Computer systems	1.2
European Courtesy Group	Free magazines	1.3
Frazee Industries	Paint	19.1
W. F. Taylor	Adhesives	5.4
Morgan Communications	Free newspapers	10
St. James's Press	Hotel directories	n.a.
R. R. Bowker	Journals and directories	n.a.
Other		3.5

Management abstracts

Management priorities and management ethics. J. G. Longenecker in Journal of Business Ethics (Netherlands), Feb 85 (5½ pages)

Examines the management process and the setting of organisational priorities and argues that, although there is a tendency for ethical standards to be neglected or compromised because of management's preoccupations with profits, and growth, recognition can also be given to ethical priorities, provided they are clearly spelt out and communicated. Quotes examples of organisational priorities, and mentions the U.S. retailer, J. C. Penny, as being one company with especially high ethical values.

Do computer printouts need casting? B. Bokhorst in De Accountant (Netherlands), March 1985 (4 pages, in Dutch, English version available).

When you are basing your audit routines on computer tabulations, do you take it for granted that they are added up correctly? And could the totals be right, though the listing is incomplete, because someone does not want you to select specific items for other tests? And if — having realised the potential pitfalls—you want to check the casting, have you the *facilities/the machines/* the juniors you need?

The marketing of food: fresh v. fast. Absatzwirtschaft (Fed. Rep. of Germany), Jan 85 (3 pages, in German, English version available)

On the face of it, a conference report, but it isn't really. Rather an assessment of how the basics of food marketing are changing all over the (Western) world.

Crisis communications. R. L. Dilenschneider and R. C. Hyde in Business Horizons (U.S.), Jan/Feb 85 (3½ pages)

Argues the need for crisis communications planning, and discusses how a crisis policy can be developed and implemented; *looks* at how to identify potential crises (strikes, pollution, accidents/disasters, product failures), determine who will be affected, allocate responsibilities for dealing with them, and evaluate actions taken.

The use of databases for accounting. B. Harper in *Accountancy* (UK), March 1985 and May 1985 (6 pages).

Argues that computer databases are so powerful and arithmetically accurate that double-entry book-keeping is no longer necessary. Instead the logic of the database output must be carefully considered and double-counting and omissions avoided; suggests that set theory provides the framework for sophisticated and flexible analysis.

Organisational competence. Absatzwirtschaft (Fed. Rep. of Germany), Jan 85 (10½ pages; in German, English version available)

Convinced that meaningful marketing cannot occur unless an organisation has defined its "competence" (i.e. its strengths), this journal asked the 100 top German companies about theirs and got an amazing 70 per cent response. These reveal that a third of those responding either have not got a definition, have no short version, or are still busy working on one. What the others had to say is summarised on four pages of tables. We have translated literally the German word "kompetenz," though we suspect the term owes much to the U.S. idea of mission statements.

Women entrepreneurs: the second generation. G. Gregg in Across the Board (U.S.), Jan 85 (9 pages)

Reports statistics that show women to be setting their own businesses at a higher rate than men, and that a third of new companies launched each year in the U.S. are now started by women; finds, however, that female entrepreneurs still face discriminatory treatment—particularly in borrowing start-up capital—and still suffer from a "confidence gap." Examines difference and similarities in the characteristics of male and female entrepreneurs and looks at some individual profiles.

Employment Security. J. M. Roscow and others in Across the Board (U.S.) Jan 85. (22/1) (14 pages)

Two contrasting articles: (1) makes the case for job security being good for society, employers and employees; points to companies that have instituted such schemes, and sees productivity advantages that can accrue (e.g. at IBM); (2) takes a differing view that job security leads to labour immobility and damages competitiveness. Implies that "favourable circumstances" are the only ones for employment security, remarking on the fact that one company that did offer security went bankrupt.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the *original articles may* be obtained at £3 each (including VAT and p+p; cash with order) or £4 each from September 1, from Anbar, PO Box 23, Wembley HA9 8DJ.

TECHNOLOGY

EDITED BY ALAN CANE

The 'intelligent' ship steams into view

Andrew Fisher on ways of making ships more efficient

ANY MODERN shipowning country worth its name, it seems, has its own high-technology ship project, aimed at securing a line into the next century. Some vessels are still on the drawing board; others are already afloat.

West Germany's project is called Ship of the Future. The Norwegians have a Ship Operation of the Future. Japan, even keener on peering ahead, has two: the Rationalised Ship Project and the Intelligent Ship Project. France and Holland had studies which have now ended.

Britain does not have one at all. But the country, still with the world's eighth largest merchant fleet after a decline in the past 10 years, could soon have its own Efficient Ship Project.

The Government is ready to put up funds and the private but state-backed British Maritime Technology (BMT), formed by merging the National Maritime Institute and the British Shipbuilding Research Association, will offer its own resources. Three Quay Marine, part of P & O, is providing technical help.

Needed now are far-sighted UK ship owners, equipment suppliers, and shipbuilders to invest time and money. The shipbuilding capacity is there. British Shipbuilders, in England and Scotland, and Harland and Wolff in Northern Ireland built sophisticated ships and have developed modern designs, hulls, and engines.

In the present depressed state of world shipping, it will not be easy to persuade companies to join a new project. But, says Mr Philip Foster, BMT's marketing manager, "without it, there'll probably be no merchant fleet by about 2010."

That seems too strong. Yet competitive and cost pressures on UK shipowners are growing. Hence the push by both BMT and the Government for the Efficient Ship Project. It would cost nearly £10m for research on the necessary automation, shipboard management, sensing and communications equipment, and other devices envisaged. Another £3m would be required to prepare for a trials ship. This would not include building costs.

A new ship would cost over £20m. Outwardly, an ultra high-technology ship would not look too different from one of today. The changes would be internal.

Extensive use of modern computer-linked diagnostic and sensing devices would permit constant monitoring of fuel consumption, technical performance, navigation, communications, and potential safety problems.

Many ships use some of the relevant equipment already. But the idea of the Efficient Ship Project would be to design and, if possible, have in service by 1990 a ship integrating all aspects of new technology for ships. In this way, cost and crew savings could be optimised. The crew envisaged would be 14 against 20 or so at present and over 30 in the 1970s.

By the end of 1985, says Mr Marshall Meek, BMT's executive deputy chairman, projects in four key areas should be identified. These are:

● Electronic engineering. Sensors that measure pressure and temperature to be inserted throughout engines and power plants to detect breakdowns and monitor equipment deterioration. Information has to be presented simply, and software for the microprocessor-based system is seen as important as the devices. Shipboard accounting and management systems, with satellite links to the shore, would also be involved.

● Ship operation. Work studies to discover exactly how *certain tasks* are carried out, how many people are really needed for regular maintenance and to be on hand for breakdowns and where use of more expensive materials could minimise problems.

● Ship and marine engineering. More efficient use of the cheap, low-grade fuels used in marine engines is needed. *As* ignition and combustion quality is unpredictable, engines must be developed so that they respond more efficiently. Studies would look at cutting overall energy use and faster mooring techniques, possibly with magnetic methods and remote operation. Some ships have side thrusters for extra manoeuvrability at sea and in port. Mooring is identified as the activity taking most crew time.

● Social and safety. A faster more reliable response to fire or other emergency could include the use of closed lifeboats, launched at an angle from the stern like shore-based vessels and equipped with the high-strength signalling equipment. A black box, like an aircraft's flight recorder, could be a feature of modern ships. Engine rooms are designed to minimise fires, but more could be done. The career structure of modern, highly trained but flexible seafarers would be studied, also stress and outlets for recreation.

Ship construction should start by mid-1987, says Mr Meek. Allowing 15 months for this, trials of the prototype (lasting six months) could start before 1989. "It is still possible to match what has been done elsewhere, provided a start is made immediately," he reckons.

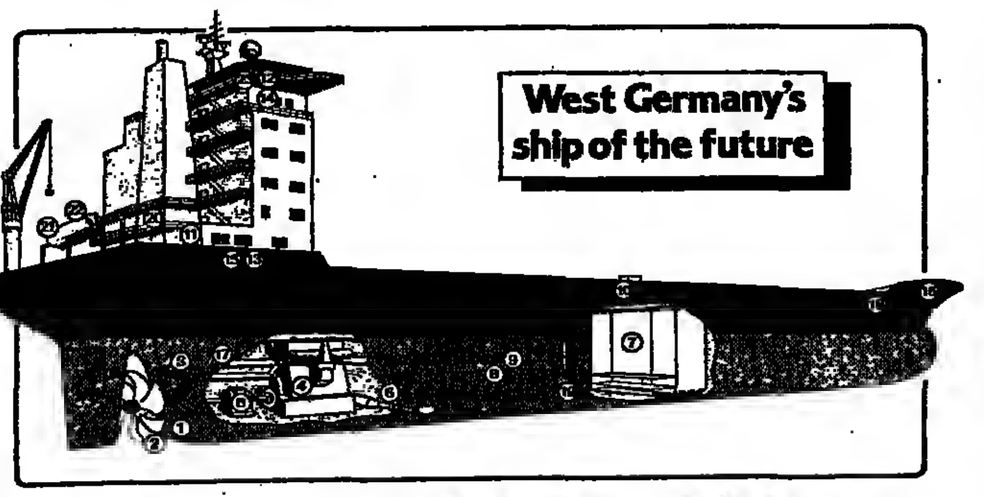
He wants research to be targetted to the building of a trials ship, though not all companies will want to be associated with the whole package. Once this has been built, further research *on more advanced technologies* could start, a stage reached in some other countries.

The Germans, for example, plan to build two container ships, using the operational and fuel-saving lessons learnt on the Ship of the Future project. Instead of an engine control room, they will have a harbour management centre in the main deck area to monitor cargo operations.

The ships will be controlled from a central console at which the watch officer can, seated, easily reach or see steering, navigation, radar and other controls. An integral navigation system will allow the ship's course and engine control to be *almost fully automatic*.

Japan is going beyond this stage with its Intelligent Ship Project. It has long been looking at electro-magnetic propulsion, submerged tankers, and vessels capable of operating in the coldest regions.

Japan is now making a concerted effort to develop ship *equipment that is maintenance*-free for six months, using heat-resistant alloys, ceramics and other new materials. In Norway, the first low-manned ship is at sea with a crew of 14. Clearly, the UK has a long way to go.



KEY:

1.—Asymmetrical aft body near propeller to improve water flow.

2.—Large propeller diameter for greater thrust.

3.—Wake distribution nozzle, concentrating flow to propeller.

4.—Efficient, fuel-saving diesel engine.

5.—Shaft generator for electrical power from main engine rather than auxiliaries, which used only for emergency, which are used only for emergency or harbour work.

6.—Scoop cooling system, bringing in sea water (without pump) to cool fresh water used in cooling engines.

7.—*Centralised* bunker system, rather than double-bottomed tanks spread around ship.

8.—Advanced fuel preparation (based on research into most efficient fuel use.

9.—Sludge oil burning for better *fuel* waste disposal without using extra diesel fuel.

10.—Fuel analyser to assess quality.

11.—Open-plan communication centre for recreation for crew of 14.

12.—Ship operation centre. Conventional bridge rearranged, so all technical *data comes straight* to centre on screens. No engine control room.

13.—Board management centre. Replaces 12 for all work in port, such as cargo-handling and fuel loading.

14.—Computerised monitoring plant to gather all technical data from 800 sensors around ship and give directly to operation centre.

15.—Board computer for calculations related to cargo loading.

16.—Remote operation of anchor.

17.—Maintenance - saving engine room. Designed for easy repairs.

18.—Centralised winch control stands.

19.—Centralised ballast system.

20.—Uninterrupted power supply. Special batteries and converters to ensure steady power for computers.

21.—Free - fall lifeboat, launched at angle from ramp.

22.—Lifeboat's radio station with position memory.

23.—Heavy weather damage avoidance system. Computerised analysis of weather data to calculate what ship can withstand and how it should adjust speed.

Source: Howaldtswerke - Deutsche Werft (HDW), West Germany. Drawing: Seatrade magazine.

Flexible machine tool takes a bite out of manufacturing costs

FLEXIBLE manufacturing does not necessarily mean million pound computer systems, robots, conveyor belts and the rest.

At Suffolk Lawnmowers of Stowmarket for example, which makes the Qualcast brand of machine, production executives recently concluded they were using the wrong kind of machine tool.

They realised that if now gardening products using shaped sheet steel components were to *be introduced sufficiently* frequently to meet market needs, they could not afford expensive major tooling aimed at long runs.

So the company's sheet metal working plant moved from conventional power presses of up to 150 tons capacity to a Trumpf Trumatic 235 punching and nibbling machine. Instead of the expensive tooling needed to punch a part from the sheet with one blow, the puncher/nibbler does it piecemeal, with smaller scale standard tooling costing £6,000 which "bites" off small pieces of sheet metal to the required outline. As a bonus, the company gets built-in computer-aided design facilities.

Said Mr Steve Anderson, Suffolk's works director: "There was no point in investing in tooling that can only make one product. The Trumpf machine allows us to programme each new part on the shop floor in anything from a quarter to one and a half hours."

Initially, the company has opted for programming by manual input of the dimensional data from existing drawings. Later, it will advance to pro*gramming* at *the machine* by shop-floor personnel. Full scale computer-aided design in a separate design department was not considered financially viable.

With the new system Suffolk can within the hour have a prototype batch running followed by a production run. For each component the same library of tools is used.

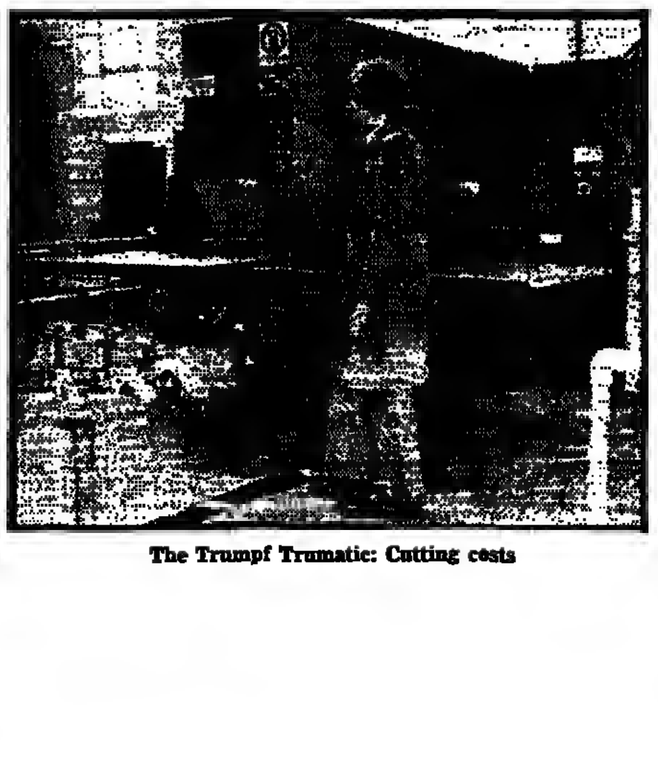
By simple on-screen programming, changes in design can easily be accommodated. By comparison, says Trumpf, a new press tool might involve waiting several weeks. A similar problem arises when a dedicated tool wears out or breaks, producing expensive machine down time and loss of production.

Trumpf claims that the Trumatic has the only sheet metal working control (made by Bosch) with graphics facilities. It guides the operator step by step in transferring data from the paper drawing on to the screen.

In addition, a versatile set of stored instructions allows features like corner notches, bolt-hole circles and rows of holes to be applied to designs easily.

After the operator tells the system how many items are needed, the computer works out the nesting (arrangement) of them on the available stock sheet. Trumpf is on 0727 31111.

GEOFFREY CHARLISH



The Trumpf Trumatic: Cutting costs

Sonar probe of Air India wreckage

THE WRECKAGE of the Air India Boeing 747 which crashed into the Atlantic south of the Irish Republic last month was mapped using sonar designed to operate at great depths.

The sonar system, made by Ferranti, uses co-axial cable instead of multiple cables to transmit power to the towfish and to send and receive signals. The co-axial cable can carry both power and signals and so is of a smaller diameter. This means it causes less drag and can reach greater depths.

Last month, the system was operated at more than 2,000 m below the surface and was used initially at long range. The towfish maintained a level search path while sending back multiplexed sonar data over the 5,000 m towcable.

The system can also be used to survey the seabed for suitable pipeline routes. On a transmit and receive frequency of 30 KHz it can cover the sea bed in a 3 km swathe.

Learn about the thinking machine

SEVERAL aspects of "thinking" machines will be covered in an event planned by IFS (Conferences) of Bedford, at the Novotel Hotel, London, from November 26 to 28.

These *machines, just beginning* to appear in factories, use built-in abilities to see, feel, hear, and act accordingly. The conference offers executives and production engineers an opportunity to hear world experts in machine vision, intelligent sensors, man/machine voice communication and expert systems.

More about the Second International Conference on Machine Intelligence, which will run with an associated exhibition, from IFS on 0234 853605.

Arts Guide

Arts Week

F	S	Su	M	Tu	W	Th
16	17	18	19	20	21	22

Music

PARIS

La Grande Ecurie et Chambre du Roy: Claire Giardelli as conductor and cello soloist, Jacqueline Nicolas, soprano, Mirella Giardelli, organ: Bach, Handel (Mon, 8.30 pm) Saint-Severin Church.

Pierre Bouyer, piano recital: One hour with Boely (Tue, 6.30pm). Sorbonne, Amphithéâtre Richelieu.

Jean Guillou, organ recital: Bach (Wed 8.30pm). Saint-Germain-des-Pres Church.

Jaap Schroeder, violin, Georges Guillard, organ, Toccata: Bach, Biber (Thur, 8.30pm). Blancs-Manteaux Church.

All these concerts are part of the 20th Festival Estival de Paris (354 8496, 562 4088, 11am-7pm, not Sun).

LONDON

Amsterdam Baroque Orchestra directed by Ton Koopman, harpsichord. Bach. Queen Elizabeth Hall (Mon). (928 3191).

Jacques Loussier and Play Bach Trio. Barbican Hall (Mon). (638 8891).

BBC Philharmonic Orchestra conducted by Bernhard Klee with Bruno-Leonardo Gelber, Piano. Beethoven, Zimmerman and Strauss. Royal Albert Hall (Mon). (589 8212).

Malcolm Williamson, Liszt and Sibelius. Royal Albert Hall (Tue).

Medici String Quartet with John Williams, guitar and Mike Cookson, viola. Mozart and Boccherini. Queen Elizabeth Hall (Tue).

Lynn Harrell, cello and Rudolf Firkusny, piano: Stravinsky, Beethoven, Ginastera and Chopin. Queen Elizabeth Hall (Wed).

Polish Chamber Orchestra conducted by Jerzy Maksymiuk with Jean-Louis Steuerman, piano. Mozart, Bach, Bartok and Haydn. Royal Albert Hall (Wed).

BBC Philharmonic Orchestra conducted by Edward Downes with Sequeira Costa, piano. Strauss, Chopin and Prokofiev. Royal Albert Hall (Thur).

Moscow Chamber Orchestra directed by Victor Tretyakov, violin. Handel, Mozart, Shostakovich and Haydn. Queen Elizabeth Hall (Thur).

Academy of Ancient Music conducted by Christopher Hogwood with soloists including Emma Kirkby, Paul Elliott and Margaret Cable. Messiah. Barbican Hall (Thur).

Ronnie Scott's, Frith Street: Gonzalito Rubalcaba's Group Project from Cuba. (439 0747).

TOKYO

Mimura Harp Ensemble: Roderigo, Mozart, Ravel, etc. Shibuya Public Hall. (Wed). (363 9151).

Contemporary Korean Piano Music: Lutheran Ichigaya Center Hall. (Tue). (323 0844; 325 5468).

VIENNA

Vienna Hofburg Orchestra conducted by Kurt Hofbauer. Waltzes and Light Opera. (Tue). Sofiensaal (72 21 98).

Ensemble Hamonia Nova conducted by Klaus Busch. Speaker Jacqueline Als. New Music from Vienna. (Mon) Hoboken Saal.

Tonkunstler Orchestra conducted by Wolfgang Dorner. Haydn, Bach, Dvorak. (Tue). Arkadenhof (15 15).

Vienna Chamber Orchestra conducted by Philippe Entremont with Olga Rudner and Heinz Haunold. Violin. Handel, Bach, Vivaldi. (Wed) Schonbrunn Palace.

Haydn Symphonists conducted by Manfred Huss. Haydn, Mozart. (Thur) Karlskirche.

Vienna Bach Soloists conducted by Ernst Wedam with Barbara Gisler, flute, Alexander Krins, violin, Huguette Dreyfus, harpsicord. Bach, Handel. (Thur) Minoritenkirche.

SPAIN

Santander, Plaza Porticada. Orpheus Chamber Orchestra of New York: Rossini, Haydn, Berlioz and Bartok (Mon), Orpheus Chamber Orchestra accompanied by Spanish pianist Alicia de Larrocha: Handel, Mozart and Bach. (Tue). (21.05.08).

Barcelona, Jardins de l'Hospital 3...: Japanese baritone Stomu Masuko and pianist Manuel Cargica Morante. Haydn, Wolf (Tue). (301.61.00).

Santander, Santuario de la Bien Aparecida. Organist Jose Manuel Zone, Bach. (Mon, Tue, Wed) (21.05.08).

NETHERLANDS

Amsterdam, Nieuwe Kerk (Dam Square): Organ recital by Nico Wasdorp. Van Noordt, Böhm, Bach, Kellner, Reger, Bijster. (Thur).

NEW YORK

Mostly Mozart Festival (Avery Fisher): Mozart Festival Orchestra conducted by Gerhard Schwarz with Jean-Paul Rampal, flutist, and Grant Johannesen, pianist. Mozart, Hoffmeister, Wranitsky, Chopin, Handel (Mon, Wed); Chamber Music with Jean-Pierre Rampal, flutist; Michael Tree, violist; Sharon Robinson, cello; John Steele Ritter, pianist and harpsichordist. Haydn, Beethoven, Mozart, J.C.F. Bach (Tue); Beaux Arts Trio. Michael Tree, violist; Michael Morgan, double bass. Mozart, Schubert, Schumann (Thur).

Opera and Ballet

ITALY

Pesaro: Teatro Rossini: The Rossini Festival opens with Maometto II conducted by Claudio Scimone, with scenery and costumes by Pierluigi Pizzi (Mon and Wed). (331.84).

Verona: Arena di Verona: Aida conducted by Daniel Oren and produced by Gianfranco de Bosio; Attila, conducted by Nello Santi and Il Trovatore, conducted by Reynald Giovaninetti and produced by Giuseppe Patroni Griffi. (23.520)

CHICAGO

Ravinia Festival Highland Park: The San Francisco Ballet, America's oldest company, performs a week of mixed programmes from their varied repertoire as part of a special Festival of American Dance. Highland Park (728 4642).

NEW YORK

New York City Opera (NY State Theater): Norma, season's first new production, is directed by Andrei Serban and conducted by Richard Bonynge, with Olivia Stapp in the title role, and Robert Grayson as Pollione. I Puritani, last seen in 1982, has Faye Robinson singing Elvira, conducted by Edoardo Müller. The week also includes The Mikado and Manon. Lincoln Center (870 5580).

LONDON

Australian Youth Ballet, Royal Festival Hall for four days from Tuesday. (928 3191).

PARIS

Anne Puisségur's Young Classical Ballet in France: Carmen, choreographed by Ernst W. Boehm. Espace Ronsard, 2 Rue Ronsard (254 3131).

VIENNA

Volksoper at the Staatsoper: Die Fledermaus conducted by Rudolf Bibl; The Csardas Princess by Emmerich Kalman conducted by Rudolf Bibl with the cast from the Vienna Volksoper. (5324/2945)

NETHERLANDS

Amsterdam, Carre Theatre. The all-male comic ballet company Les Ballets Trockadero de Monte Carlo (Tue to Thur). (225 225).

Exhibitions

SPAIN

Santander, Santillana del Mar. The splendour of pre-Colombian culture. Gold exhibits from the Quimbaya Treasure. Fundacion Santillana, Torre de don Borja. Ends Aug 30.

SWITZERLAND

Martigny: Fondation Pierre Gianadda: 250 Klee paintings in the striking modern gallery built over the Roman ruins of the city of Octodurus. Ends Nov 3. (026/23978).

VIENNA

Vienna 1870–1930: Dream and Reality: The greatest names of the Viennese fin-de-siècle – Klimt, Otto Wagner, Schiele, Kokoshka, Adolf Loos, Josef Hoffman – in a dazzling display of Jugendstil creative genius. The attempt to integrate the artistic achievements of this era with philosophical developments (notably Wittgenstein but also Freud) and political transformations (the emergence of municipal socialism on the ruins of Baroque splendour) is ambitious and only partly successful. The complex tension between autocratic and censored reality on the one hand and the illusions or fantasies of individual artists on the other is hinted at but not fully explored. A high point of the show is a reconstruction of Hoffman's room at the secession exhibition of 1902. Here, triumphantly restored, is Klimt's fifty-foot Beethoven frieze depicting humanity's progress through suffering to joy on the theme of the Ninth Symphony. Displayed exactly as intended, this alone is worth a special visit. Kunstlerhaus. Ends October 6.

PARIS

Renoir: An important exhibition of the most sensuous of the impressionist painters, who never tired of glorifying the nude feminine body capturing the light, comes to Paris from the Hayward Gallery, London. It consists of some 125 paintings and 50 drawings, including Le Bal du Moulin de la Galette and La Danse à Bougival. Grand Palais, Closed Tue. Ends Sept 2 (261 5410)

Robert and Sonia Delaunay: for the 100th anniversary of their births, his in Paris and hers in the Ukraine, a retrospective of some 300 objects, paintings, drawings and decorative projects brings to life their joint pictorial adventure. Whether exploring abstract painting or disarticulating Eiffel Tower images, their colours are vibrant, their *joie de vivre* explosive. Musée d'Art Moderne, 11 ave du Président Wilson. Closed Mon, Wed late closing. Ends Sept 8.

Perfume: An enchanting exhibition in praise of perfume assembles 550 objects, mostly phials, bottles and perfume fountains from the 16th to the 19th century. Some were made of Viennese porcelain, others of Bohemian cut glass or from gold and enamel in England. There are silver pomanders with petals opening up and Chelsea china statuettes. They all show exquisite workmanship and some of perfume's power to beguile. Le Louvre des Antiquaires, 2 Place Palais Royal. Ends Sept 15.

WEST GERMANY

Munich, Staatsgalerie moderner Kunst, Prinzregentenstr. 1: German Art since 1960, 200 paintings, prints and drawings by 13 artists from the private collection of the German Prince Franz of Bavaria. Among them: Beuys, Richter and Kiefer. Ends Sept 15.

Hildesheim, Römer und Pelizaeus-Museum, Am Steine 1–2: Nofret, the exhibition covering Women in Egypt. For its last stop in Germany, the exhibition will carry 177 pieces, an extra 96. Some 30 objects are on loan from the Egyptian Museum in East Berlin. It is the biggest assembly of Pharoan Art. Ends Nov.

Berlin, Nationalgalerie, Potsdamer Straße 50: New acquisitions '75-'85, offer 500 works from between 1820 to 1985. Some 300 important artists participate. Ends Aug 25.

NETHERLANDS

Amsterdam, Film Museum (Vondel Park 3). French cinema month. This week films by De Broca, Dréville, Moguy, Pottier, Tourneur (Fri, Mon to Thur, all matinee). (83 1646).

Eindhoven, Van Abbe Museum. The museum's collection of works by the Russian Constructivist, El Lissitzky (1890-1941), comprising 85 gouaches, watercolours, drawings and etchings, is on view until Aug 25.

Amsterdam Rijksmuseum Printroom Continuing its centennial celebrations, the museum has put together a revealing exhibition of 60 of its finest Rembrandt drawings supplemented by a further 60 by anonymous Rembrandt pupils and followers to illustrate the extent of the master's influence. Ends Sept 29.

Amsterdam, Nieuwe Kerk (Dam Square). La France aux Pays-Bas. Three exhibitions celebrating the ties, cultural and political, that have linked the two countries for more than 300 years. Out and about in Amsterdam focuses on popular entertainments (fairgrounds, theatres) in the period when Holland was part of Napoleon's empire. The Huguenots commemorates the Revocation of the Edict of Nantes, when tens of thousands of French Protestants fled to the Dutch Republic, enriching its economic and intellectual life. Finally, a comparative view of anarchist movements and their reciprocal influence on society and art. Ends Aug 20.

ITALY

Florence: Museo Archeologico (Piazza SS. Annunziata) – The Etruscan Civilization: This is the first of a long series of exhibitions to mark The Year of the Etruscans, and shows the results of the most recent research into the Etruscan world. A useful history of this civilization's birth, development and decline. Ends Oct 20.

Florence: Palazzo Pitti (Sala Bianca): Modern masters from the Thyssen-Bornemisza collection: The pleasure to be had from this remarkable exhibition is that it reflects the taste and prejudices of one individual: one of the few left who can afford Corot, Manet, Gauguin, Picasso – and who is generous enough to send them to be exhibited in France, England, the U.S., Australia, Japan, and now Italy. This same collection, with a few exceptions, was seen at the Royal Academy in London last autumn. Ends Sept 29.

Rome: Lalazzo Venezia (Piazza Venezia 3): Paesaggio Con Nigura – 57 works from the Borghese collection. The Villa Borghese, which houses one of the best patrician art collections in Rome, is likely to be closed for repairs for at least another year and some of the gems from the collection have been transferred to this site for the summer. Includes works by Titian, Veronese, Domenichino, Caravaggio and Dosso Dossi. Ends Sept 30.

BRUSSELS

Opera costumes from 1959 to the present including Zeffirelli's Rigoletto, Bosquet's Traviata and Karl Ernst Herreman's Clemency of Titus. Musée de Costumes et Dentelle. Until November.

TOKYO

Qing Dynasty Treasures from the Forbidden City, Peking. An important exhibition of 273 pieces showing the opulence and craftsmanship of the Qing Dynasty (1644-1912). Costumes, ornaments, ceramics, paintings plus imperial banquet room-setting, all magnificently displayed in Tokyo's best department store art museum. Seibu Department Store, Ikebukuro Branch. Ends Aug 26, closed Thursdays.

Masterpieces from Idemitsu Art Gallery: From one of Tokyo's finest private museums belonging to Sazo Idemitsu, the best from an outstanding collection of Oriental ceramics, crafts and paintings. Idemitsu Art Museum, 9th floor of Kokusai Bld, Hibiya. With magnificient views overlooking Tokyo's tranquil central (moat and green around Imperial Palace) plus Japanese tea-room. Ends Sept 1, closed Mondays.

Modigliani: 130 works in oils, watercolours, and sculptures. National Museum of Modern Art, Kitanomaru Park (near Palace and Imperial Hotels and parts of Tokyo's oasis near the Imperial Palace). Ends Sept 29.

Contemporary Western Art: Small standing collection of Hara private museum (Shinagawa) includes works by Dubuffet, Jasper Johns, Lichtenstein, Jackson Pollock, Vasarely, Warhol. The museum is a modern house, with a large shady garden and facilities for tea on the lawn. It is an ideal antidote to Tokyo's concrete and heat. Ends Sept 23.

Hiroshima Panels: These immense murals depicting the bombing of Hiroshima now number 15 panels and have taken artists Toshi Akamatsu and Iri Maruki 30 years to complete (some of the earlier ones were exhibited in London in the 1950s). The series is on permanent exhibition in a special gallery, an hour's journey from Tokyo. The panels, based on the couple's experience and that of bomb victims, are remarkable for the breadth by which they not only depict Japanese but also foreign victims killed by the blast. A thought-provoking Saturday expedition. Maruki Gallery near Higashi-Matsuyama station on the Tobo-Tojo line from Ikebukuro. (Call 0493-22-1167 for directions in English.) Closed Mondays.

NEW YORK

Metropolitan Museum: 30 objects from the period between the 1851 Crystal Palace Exhibition to the 1900 World Fair in Paris demonstrate the show's theme of Revivals and Explorations in European decorative arts. Ends Sept 5.

Asia Society: Japanese art of the supernatural, featuring ghosts and demons that turn themselves into humorous creatures to harass guilty and innocent, are illustrated in prints screens, small sculptures, paintings and netsukes from the 17th to 19th centuries. Ends Sept 1.

WASHINGTON

National Gallery (West Bldg): 38 old master paintings from the Dulwich Picture Gallery are exhibited under the title Collection for a King, including works by Rembrandt, Van Dyck, Canaletto and Gainsborough. Ends Sept 2.

CHICAGO

Art Institute: Though Edouard Manet made etchings primarily to reproduce and publicize his paintings, he developed a unique style as shown in the 27 etchings in this special exhibit of more than a third of his total output of 75 etchings. Ends Sept 2.

THE ARTS

Cinema/Nigel Andrews

Reheats and recycled rubbish

Brewster's Millions directed by Walter Hill
Edinburgh Film Festival

Is there a cure for spinoff-itis? Scarcely a big money-making movie appoors these days without spawning a near-instant follow-up. Film moguls, their eyes lighting up like neon dollar signs, think that if a formula is successful once it can be successful twice or thrice. Thank goodness great artists in the past did not think likewise, or wo might hove had *Mona Liso Part 2: The Return of the Gioconda* or *Sistine Chapel 3: The Adventure Continues.*

Many spin-offs reach the cinema with no hint in their titles that they are sired or inspired by a recent bit. *Brewster's Millions* looks innocent enough on the movie-house marquee. But the film's main raison d'être—apart from the occasional nods to tho oft-filmed play of the same title on which it is based—is to provide a clone of the smash hit romedy *Trading Places.* Only substitute Richard Pryor for Eddie Murphy, director Walter Hill for John Landis, and the clone is indistinguishable. Even the screenwriters are the same; Herschel Weingrod and Timothy Harris.

In this variant on the comedy of rags-and-riches interchange, Pryor does his revolving-eyed Stepan Fetchit act as the aspiring heir to a $300m fortune, an uncle's legacy that comes with a string attached. Pryor must first spend $30m in 30 days, ensuring thot he is totally bankrupt at the end of this period. Ho must not burn, tear up, give away or otherwise destroy or discard the money. But neither must he have any assets left when the month is up.

So heigh-ho, we swing into the pauper-turned-prince comedy routine that fuelled *Trading Places.* The only difference is that the earlier film's screenplay bad o high-octane laugh quotient, deriving from Murphy's improvisations ond succulent supporting performances from Jamie Lee Curtis and Denholm Elliott, and *Brewster's Millions* is low-grade rubbish. Pryor's brilliance as a stand-up comic is bis elastic delivery of his own jokes. Left to ventriloquise someone else's script, be bas surprisingly little natural hilarity of appearance or manner to fall back on when the jokes fall flat.

Walter Hill (of *Southern Comfort* and *Streets of Fire*) has never directed a comedy before, and on this evidence he should avoid doing so again. He surrounds a dull centre with a duller periphery — snooty girlfriend Lonette McKee, unfunny but tirelessly trying fat friend John Candy — and as Pryor scrambles to find one surefire way after another to sign away his money, from betting on horses to funding power-driven icebergs, one wonders why he didn't put a few million dollars into making a dud movie.

Richard Pryor and John Candy in "Brewster's Millions"

*

The line-up of films for this year's Edinburgh Film Festival, starting this week, is as rich and electric as ever, if a touch short on reckless vitality. Gone are the days when the EFF, under Lynda Myles, was in tha grip of a vibrant obsession with American B-movies. In the festival's swinging 70s you could hardly enter o cinema without being filled full of lead from a Sam Fuller six-gun or machine-gunned by a Roger Corman gangster film.

Those days had to pass; mainly because the supply of prime product dried up as one-time B-movie directors like George Lucas, Martin Scorsese and Joe Dante rose into the A-movie echelons. But festival director Jim Hickey has partly compensated by increasing the interest and participation of the major American studios bringing major commercial movies. This year the festival swarms with the British premières of top Hollywood films: *Back To The Future, Cocoon, Crimes of Passion, Fletch* . . .

Elsewhere, Hickey has bounded about the festival circuit gathering the best of the year's sleepers and surprises. Robert Kramer's *Our Nazi* is a riveting Chinese-box documentary about a film crew filming the confessions of a real live Nazi war criminal. Sogo Oshii's irrepressible *The Crazy Family* shows that domestic life in Jopan, despite the rountry's reputation for inscrutability, can be every bit as demented as in the West. Derek Jarman's *The Angelic Conversation* shows that Shakespeare's sonnets can be reborn in the video age. Gyula Gazdag's *The Resolution* from Hungary uses some sharp instruments to anatomise the everyday bureaucracies of Communism. And Krzysztof Zanussi's *The Year Of The Quiet Sun* is a subtle, abrasive lovo story set in post-war Poland.

I am not quite so happy about this year's special events, which have an air of yesterday's reheats. Do we *really* need a five-film tribute to Jean-Luc Godard, with or without a special appearance by the French gnome himself? Aren't there less overexposed talents that Edinburgh could spotlight? And do we really need, after last year, yet another massive dose of Far Eastern cinema? We should be grateful to organiser Tony Rayns for insisting we watch while Chinese cinemo bursts its chrysalis. But there are several tired old fritillaries from other lands of the rising sun — like Shuji Terayama's awful *Farewell To The Ark* — that could surely have stayed at bome and made room for more discoveries from the Occident.

*

Louise Brooks, the American silent era actress who died last week, was one of the cinema's timeless stars: not merely in the hackneyed sense of being o celluloid immortal — though she certainly was that for her performance as Lulu in Pabst's *Pandora's Box*—but in the fact that her brand of glamour seemed independent of time or fashion.

Garbo was the product of a between-wars romanticism that believed in tragic heroines fatalised by great love stories. Dietrich was the product of a stylised eroticism, equally of its period, that believed in husky *femmes fatales* wreathed in the smoke from cabarets or transcontinental trains. But Brooks, with her luminous amorality, her boy-girl allure and her sleek fringed haircut christened the "black helmet," would seem as much a part of the brisk illusionless 1980s (an un-Jane Fonda) or the Swinging Sixties as of the Twenties and Thirties.

Most of her films, other than those for Pabst, were cheerful and ephemeral: Howard Hawk's *A Girl In Every Port,* Clair and Genina's *Prix de Beauté,* even a Western with John Wayne. But the alert and shining irony which Brooks brought to them and to Pabst's coolly man-eating Lulu—and which surfaced later in the astringent film articles she wrote for Sight and Sound—show a rare ability to stand outside herself and shape her performances even as she lived them.

Pelléas et Mélisande/Edinburgh Festival

Max Loppert

The second opera in the short Edinburgh season of the Opéra de Lyon is *Pelléas et Mélisande* (the fact that Debussy romes to Scotland paired with Chabrier's *L'Etoile* would hove pleased him hugely). Tho interest of Wednesday's performance, which was ronsiderable, focused mainly on the edition of tho opera and on the musical interprotation of it, both by the Lyon chief conductor John Eliot Gardiner.

As Mr Gardiner writes in a passionote, polemical programme nolo, "It seems barely credible thot as yet no Urtext exists of this, the most seminal French operatic score of the 20th century." In accordance with his admirable practice already established in reviving Rameau rarities, he went back to the original sources of on opera that suffered many forced additions and subtractions on the way to its 1902 première—the expanded instrumental interludes being the most notable example of the former. In the rourse of establishing on "original *Pelléas*" he set right (be tells us) 470 errors or subsequent Debussyan changes of mind in the orchestration.

Mr Gardiner also determined to lay out the orchestra in the unusual configuration first stipulated by Debussy, but leter abondoned by him in confrontation with the *schlomperei* of traditional opera-house practice. Thus, the work heard in tho perfect intimacy and acoustics of the King's, o theatre of ideal size, sounds different: sharper in focus, brighter, more distinct in its colour patterns, entirely lacking in the sumptuous atmospheric enrichments favoured by such *Pelléas* conductors as Karajan.

Moreover, it *is* different, in tho removal of those interlude extensions. This is perhaps a custom one would accept less easily if it became general, but it accords closely with the shape and direction of the Lyon production. Mr Gardiner and his excellent cast—all francophone apart from Diana Montague's Mélisande (and she can seldom be detected as anything else)—exact greater concentration on the light, pointed flow of the text than almost any of the more usual "international" performances can hope to. One follows the words at first hand, and appreciates newly the unrepeatable tact and operatic (in the good sense) rigour of Debussy's word-setting.

This is, then, a musical rendition with all the most rewarding hallmarks of authenticity. It seems to me quite extraordinary that, having worked hard to achieve them, Mr Gardiner should have submitted the results to a staging by Pierre Strosser (in his own designs) that, whatever its other merits, treats those newly audible and meaningful words with such thoroughgoing inauthenticity.

The permanent set is the *piano nobile* of a northern country chateau, timo tho early years of this century (rostumes to match); the first scene becomes the olcoholic Golaud's drunken past memory-fantasy (Mélisande is heard hut not seen), and from then on until the finale (in which she flits off through those massive stage-right doors to o presumed suicide). What we see ond what we hear are in rontinual misalliance. Is it desperately old-fashioned, I wonder, to become impatient when a close-cropped heroine makes much of her "long hair"; when the various scenic locations (tower, chasm, seashore, grotto) are all packed indoors; when Pelléas dies, stabbed, in Golaud's arms (the stupendous botch-up of the moment of death not being helped, on Wednesday, by the failure of the curtain fall)?

And so on and on. This is not to say that there are no fascinating insights in the production: the still countenances and eloquently fraught inaction of all the players suggest a serious, and indeed deep, feeling for the inner workings of the opera. Despite the continual pinpricks of words out of phase with sense, one watches everything freshly and closely; but when the precisely-drawn network of symbols (hair, light, forest, water) is so ronscientiously avoided on stage, the effect is at once to domesticate the tragedy — one might be watching just another "explanation" of the malaise among the minor aristocracy that led to World War I—and to render it far more static than usual. For the first time in my own *Pelléas* experience, I began to understand why Stravinsky considered it "a great bore in spite of wonderful moments."

An important, limited, partial experience, in sum. José van Dam's classic Golaud (ool in best voice) tokes here the lead; François le Roux, a delicate, intelligent, personable baritone lacking a degree of power for his final scene, and Miss Montague give memorable, subtle accounts of the title parts, ond Pierre Thau's erect, un-blind Arkel happily avoids preachiness. A word also for the admirable Yniold, a girl successfully donning boy's clothes, of Françoise Golfier. On its own terms the production looks wonderful — but intending patrons should be warned that it is poorly adjusted for those on the right side of the auditorium. For operagoers, these are problematic times.

How Lucky Can You Get!/Donmar Warehouse

Martin Hoyle

The first season of *Show People,* the lote-night entertainment woven from the best of American songwriting at Covent Garden's Donmar Warehouse, is coming to an end. It has produced a palpable hit in *Kern Goes to Hollywood,* now playing in the mid-evening slot until September 21. Fred Ebb and John Kander, whose work makes up the current late show, are not songsmiths from the same mould. They rome somewhere between the showbiz exuberance of Irving Berlin and the ingenious sophisticotion of Stephen Sondheim.

They write for cabaret, films and such personality showcases as *Baryshnikov on Broadway* and *Liza with a "Z."* In Britain their best-known "book" musicals are *Cobaret* and *Chicago.*

Ian Judge's production strings 30-odd numbers together without narration, and ot times food, drink and chatter might be more apt than the hushed roncentration of the theatre. In general, literate lyrics and jaunty ostinato themes, as in "New York, New York," make the lively numbers more memorable than the serious songs.

Exceptions include the haunting "Sing happy" from the early *Flora the Red Menace* and "I in my chair," the bittersweet reflections of o wife observing her husband philandering at a party. As with "My rolouring book"—appropriated by Nana Mouskouri years ago — such introspective material suits Angela Richards's soft-grained voice and slightly withdrawn personality. Elsewhere she lacks the punch of her rolleagues.

These are the likeable Ray Evans who puts over a spirited "Mr Cellophane," the lament of the eternally ignored; and Diane Langton who sadly addresses a once-loved slob in "You've let yourself go." Amply providing what Dud and Pete once referred to as "busty substance," Miss Langton does justice to the recipe for happiness of "roffeo in the morning, brandy in the evening and Arthur in the afternoon" (from the Liza Minnelli vehicle, *The Act*), a number whose studied casualness Coward would have enjoyed.

When Miss Langton joins forces with Josephine Blake happiness is unalloyed. High spots include "The grass is always greener" from *Womon of the Yeor* and the mother-daughter show-stopper from *The Rink,* "The apple doesn't fall," created by Minnelli and Chita Rivero. Last praised in these pages for her performance in Sondheim's *Follies* at Manchester, Miss Blake can deliver high notes and high kicks in such a way as to persuade us that, though not perhaps the greatest material, the songs belong firmly in the great tradition.

Alastair Muir

Randle Mell and Patti LuPone

The Cradle Will Rock/Old Vic

Michael Coveney

Brooks Atkinson called Marc Blitzstein's "labour opera," which the author dedicated to Brecht, "the classic proletariat musical drama." John Houseman and Orson Welles produced tho show in 1937 in New York in bizarre improvisory circumstances; their state-supported venue was closed down pending a review of arts funding. The move was interpreted as censorship and, with a defiant flourish, the fragmentary hymn to the union movement was staged up town. Mr Houseman, a sparkling octogenarian, recounted so much, garnered with fine phrases and anecdotes, as an introduction.

What follows is, alas, a competent production by Mr Houseman's nationally endowed Acting Company of New York of a piece that makes the worst of 7:84 look old-fashioned, the best of Red Ladder or Wild Cat the stuff of rontemporary genius. This is agitprop theatre in aspic, a cry for unionisation of industry in symbolic Steel Town, USA, wrapped in a gauze of well-drilled American Brechtianism that is at least interesting as a footnote to Elmer Rice and Clifford Odets, at most an occasionally intriguing glimpse of a composer Leonard Bernstein has often cited as a key influence.

Blitzstein (1905-1964) had fallen, in tho mid '30s, under the spell of Eisler and had adopted his dictum of using art to fight for an improved society. (He remains best known for his 1952 version of *The Threepenny Opera.*)

In *The Cradle Will Rock* we have several excellent Eislerian songs—best, perhaps, is "The Nickel Under the Foot," superbly delivered here by Patti LuPone; an acrid whiff of Broadway musical comedy in items for the business mogul's silly ass children; a bloesy undertow in the title song led by Randle Mell's leather-jacketed Larry Foreman; a regular ragbag of surprise melodic and atonal inflections; fascinating switches of rhythm, often only for a matter of a few bars; and a marvellous piano score expertly played by Michael Barrett.

The show—Blitzstein supplied bis own book and lyrics—is almost through-composed in 10 scenes and depicts the vain efforts of the Liberty Community and big business in the gorgantuan figure of Mr Mister (David Schramm resembles a curious cross between Orson Welles and Norman Willis) to stamp out unionism which, of rourse, in their eyes means radicalism, means rommunism.

Mrs Mister (Mary Lou Rosalo, admirably secure in the musical idiom) patronises the arts while her husband buys off the Press and fixes a destructive medical report on a trouble-making employee. The railway workers and the boilermakers are heard joining their steel-worker colleagues in a rousing finale of union solidarity. The cast advances proudly on the audience.

In 1937 this must have all been revolutionary ond inflammatory. To some it may seem so still today. To me, it all seemed arch, old hat and faintly embarrassing. Still, welcome to Mr Houseman and his talented rompany. They remind us of the American socialist theatre tradition, of the Group and the Federal Theatres, to which our Unity and Workers Theatre Movement were transatlantic counterparts.

La Sylphide/Edinburgh Playhouse

Clement Crisp

For its second Festival offering, Scottish Ballet is presenting Hans Brenaa's production of *La Sylphide* — tha link with the "auld alliance" slightly tenuous in this Danish survival of the first great French romantic ballet — and showing Rudolf Nureyev as a guest Jomes to the company's own airy sylph, Elaine McDonald. The staging dates from 1973, and on Wednesday night it did not appear to wear its years well. The unappealing surroundings of the Playhouse are no enhancement to what was a sensitive recreation of Bournonville's picturesque tragedy; tha lighting was dingy — the leaves decorating the sylphs' dresses appeared funereal; Peter Cazalet's atmospheric designs showed all their mechanics of painted cloths but none of their customary charm — and a lack of sparkle in tha dance style dissipated much of the delicate perfume of the action.

Elaine McDonald remains, as ever, a gentle and utterly sympathetic sylph. Her easy jump and buoyant flights, the delicate precision of her playing in which the sprite's caprices are so prettily conveyed, mark this as a portrait of greatest charm. With what beguiling wilfulness does she lure James from bis croft. How pathetic her deoth-scene, and how melodious her dancing throughout the ballet, with its broad cantilena of phrasing and softness of utteranca.

There now seems an almost Jekyll and Hyde aspect to Rudolf Nureyev's James. He rommands tha stage and the role with greatest distinction, nobler in manner than most other interpreters, ardant in romantic feeling, alert to avery nuance of emotion. But in matter of dancing the cruel depredations of the years make for less happy viewing, and his exposition of purely technical passages testifies to will rather than style. The physical spirit is always daring; tho realisation often harsh. And yet, he is still a James who seizes our imagination, and holds it throughout the evening.

None of the secondary roles could match Nureyev's dramatic integrity and the reels of tha first oct and the sylphides' evolutions in the forest appeared earth-bound and pallid, which no Bournonville choreography should ever be. As with the previous night's *Carmen,* I attribute this failing in communication in great part to the theatre itself: Scottish Ballet's best qualities as an ensemble are not well served in the cavern of the Playhouse.

Nor does the opening *Symphony in D* by Jiri Kylian do anything for the company. A desperate gabble of alleged jokes are nailed inexorably into movements from two Haydn symphonies; the dancers rampage through Mr Kylian's witless choreograpby; classic ballet and its porformers are equally ill served.

Arts Guide

August 16–22

Theatre

VIENNA

Vienna's English Theatre: Painting churches by Tina Howe. Mon to Sat. Performances in English. (42 12 60).

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebratioo of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, à la Supremes, without the quality of their music. (239 6200).

Sunday in the Park with George (Booth): Inspired by the Seurat painting, Stephen Sondheim fashions a musical with dots and dashes of song that end too soon but work well with Tony Straiges's pretty set and James Lapine's book which changes gears in the second act. (239 6262).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

Brighton Beach Memoirs (46th St): The first instalment of Neil Simon's mix of memories and jokes focuses on a Depression-era Jewish household where young Eugene falls awkwardly in love with his cousin. (221 1211).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

WASHINGTON

Count of Monte Cristo (Eisenhower): The second production of Peter Sellars' new American National Theatre company is the James O'Neill version of this swashbuckler. (254 3670).

LONDON

Sweet Bird of Youth (Haymarket): Lauren Bacall elegantly decadent as Tennessee Williams's doomed movie queen. Harold Pinter's direction and Eileen Diss's evocative designs contradict the play's lopsided reputation and place the central tussle between the star and her gigolo (Michael Beck) against a detailed canvas of small town Southern vengefulness by the sea (930 9832).

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

Harold Pinter: directing Tennessee Williams's Sweet Bird of Youth at the Haymarket, London.

On Your Toes (Palace): Rodgers and Hart's 1936 musical is a genuine tonic. American jazz dance collides with the Ballets Russes. Gems include There's a Small Hotel, Glad to be Unhappy and the Balanchine ballet for Slaughter on Tenth Avenue. (437 6834).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. American Clare Leach is a real find as Peggy Sawyer, and Margaret Courtenay has a field day (836 8108).

Me and My Girl (Adelphi): Sleek, efficient and enjoyable revival of Britain's biggest war-time musical hit with Robert Lindsay in the Lupino Lane role emerging as the best new musical star since Michael Crawford. (836 7611).

The Government Inspector (Olivier): Striking but unfunny revival with under-equipped TV comic Rik Mayall playing the poseur as a shrieking nose-picker. Richard Eyre's production for the NT lacks either comic tension or true delirium but, with John Gunter's imposing design of bureaucratic bumf, the show has a sort of monumental starkness as well as nightmarish tedium. New translation by Adrian Mitchell. (928 2252).

Barnum (Victoria Palace): Michael Crawford returns to London with his breathtaking performance as the circus impresario, adding one or two new tricks in a likeable meringue of a musical. (834 1317, credit cards 828 4735).

Jumpers (Aldwych): Confident almost sober revival of Tom Stoppard's glittering comedy of love, murder and linguistic mayhem among the logical positivists, with Paul Eddington a more earthbound George Moore II than was Michael Hordern, Felicity Kendal delightful as his retired musical comedy wife. Peter Wood directs. (836 6404, credit cards 379 6233).

Richard III (Barbican): Last year's Stratford-upon-Avon production with Antony Sher demonically exciting as Richard in the RSC revival by Bill Alexander. Plays in repertory with Roger Rees as Hamlet and Kenneth Branagh as Henry V. All worth seeing. (628 8795, credit cards 638 8891).

Pravda (Olivier): Entertaining epic new play by David Hare and Howard Brenton for the National Theatre in which an unscrupulous South African magnate acquires Britain's most prestigious newspaper. A Jonsonian satire on the grand scale with an irresistible performance by Anthony Hopkins as the colonial who penetrates the Establishment while a nation dithers. (928 2252).

Breaking the Silence (Mermaid): Another RSC transfer, of Stephen Poliakoff's account of his family's emigration from post-Revolutionary Russia, Alan Howard succeeding Daniel Massey alongside Jenny Agutter. Ingeniously set in an Imperial railway carriage. (236 5568).

The Mysteries (Lyceum): The theatre of Henry Irving and Joe Loss restored for theatrical performance after 40 years. Bill Bryden's NT production in three parts is not to be missed, one of the great events of recent years. All three shows played on Saturdays for this limited run. (379 3055).

Guys and Dolls (Prince of Wales): The 1982 National Theatre production has arrived in the West End, if anything improved by the new casting of Lulu as Miss Adelaide and the notably well sung black Sky Masterson of Clarke Peters. Richard Eyre's production and John Gunter's affectionately lavish designs complement this most joyful and literate of musicals, a fitting tribute to the recently deceased co-librettist Abe Burrows (930 8681).

What's a Nice.../New York

Frank Lipsius

Proving that Republicans do not have a monopoly on politics as entertainment, *What's a Nice Country Like You Doing in a State Like This?* takes a decidedly liberal view of American policies and mores, covering the gamut from dictators and weapons to muggers and gays.

Having started out 13 years ago as a lunchtime diversion, tho four dozen songs constitute a remarkably durable show for what its own opening number calls a "typically topical" revue. Its longevity can be attributed to amusing songs that are obviously dated in references to passé roncerns like herpes but make up for it with seemingly permanent objects of derision like Central American dictators who samba to the claim, "The CIA's renewed me for another year."

Immutable as some of the targets remain, songwriters Ira Gasman ond Cary Hoffman have also added numbers on the road, as the show made its way cross country and abroad.

With the accompaniment of only a piano draped in a red cloth and a simple backdrop of newspaper headlines, director Suzanne Astor Hoffman makes a virtue of the limitations by having tho lively cast of five act out the numbers. A tall stunning Jane Brucker plays off the three men—handsome Hugh Panaro with a talent for accents, curly-haired dance freak Steve Mulch and hyperkinetic Rob Resnick — while Missy Baldino keeps popping out in a mac to revise news of her sex life.

Peppy as the production, clever as the songs and endearing as the cast are, the revue's final impression is a depressing sense of sameness about the immutability of issues, if not presentation of material. Once around the country again, the show could turn up in another dozen years with another set of actors playing the Central American dictators, Carlos, Juan and Miguel, and unfortunately very little will probably have changed though not for lack of trying, at least by this crew.

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Friday August 16 1985

Anti-climax in Natal

HOWEVER many belated disclaimers were made in advance, the build-up to and outcome of last night's speech by President Botha of South Africa can only prove damaging to the credibility of his government. Western leaders had been encouraged to await this provincial political address as an important statement of his government's readiness to undertake reform. They cannot have been impressed by what they heard.

The speech made the right noises and set the right "tone." It may in its references to the need for change in South Africa have been testing the limits of the possible at a meeting of National Party faithful in Natal. A year ago it might aven have been judged progressive and suggestive by the pundits. But the time for such yardsticks haa disappeared, and probably for ever.

No clear plans

There were no concrete proposals which South Africa's friends abroad, or moderates within South Africa, could cling to. Citizenship for all South Africans, and therefore an end to the doctrine of the separate development of black home lands and white South Africa, still does not seem a clear prospect. There were no further moves towards the forum in which the promised multi-racial dialogue on the future constitution of the country is supposed to take place. The idea of a fourth chamber for blacks in the South African parliament was ruled out in advance.

Influx controls, the basis of the country's pass laws controlling the movement of blacks around South Africa, were described as costly and impractical. Yet their abolition was still not promised — only a later statement on them from the President's Council. Mr Nelson Mandela, the jailed leader of the African National Congress, is still not granted unconditional release.

Such measures are not simply an impractical checklist adopted by Western nations as a result of their recent, mutually reinforcing, loss of patience with the Pretoria Government. Nor are they a distillation of extreme demands suddenly being imposed upon the Government because of the escalation of violence in the country. These are the sort of things reasonable South Africans — businessmen with their feet firmly on the ground — were expecting from this speech after all the build-up to it.

Twice within the past few days the Financial Times has carried the views of progressive South African businessmen. They have called for citizenship for all, for the release of Mr Mandela and for the start of multi-racial talks on the future of the country. Their views do not represent an unworldly extreme: they are viewed with great suspicion by blacks and whites of more radical persuasion.

Another step down

President Botha cannot and could not be expected to put South Africa onto a new course single-handed. The handling of this speech suggests how little recent events and international reaction to them have done to tha consensus in his cabinet. His is a paralysed government which has lost faith in its vision of apartheid and separate development, but has no clear idea of any alternative. In this state of uncertainty Mr Pik Botha, the foreign minister, was ill-advised to raise the expectations of Governments abroad.

The Natal speech might just have marked a turning point; instead it has proved one more step downwards from the point, 18 months ago, where the U.S. policy of "constructive engagement" with South Africa seemed justified and even fruitful.

It is hard to seen now how the U.S. will continue with this policy, even if President Reagan still tries to use his veto against further sanctions decided by Congress. In South Africa, there is the prospect of still more violence, against which moderate blacks and white are left searching for credible argument. Abroad, the voices against sanctions sound today another notch more apologist, however sincere their intentions.

Decisive Mr Gandhi

MRS INDIRA GANDHI, India's late Prime Minister, used to say that hers was the government which made things work. As the country's apparently insoluble problems piled up it was a point of view not universally shared.

Mr Rajiv Gandhi, Mrs Gandhi's son and successor, was recently asked how he would characterise his Government compared to his mother's. "Mine," he is reported to have said, "is the Government which will make things work faster."

Yesterday's agreement aimed at settling the five-year-old sectarian conflict in the troubled northeast state of Assam shows this was no idle boast on the part of India's new leader.

The Assam deal follows closely on the agreement to bring peace to the Punjab, important economic reforms, and an active role in trying to solve the crisis in Sri Lanka.

In the nine months since taking office after his mother's assassination, Mr Gandhi gives the impression of a man who knows what he wants and is intent on getting things done. This in itself is a welcome change from the past.

India, a country of immense size and diverse peoples, often pulling in different directions, needs a clear lead from the top and that is just what it is getting.

Mr Gandhi has also broken with the past by delegating real authority to his colleagues so that problems such as Punjab and Assam receive the detailed attention they deserve. This more sober crisis management, so lacking in his mother's administration, is essential if Mr Gandhi's Government is to bring about the sustained political stability without which his economic reforms would eventually founder.

Elections

Reaching an agreement with sectarian leaders does not of course necessarily lead to the resolution of a problem. In both Assam and Punjab things could still go disastrously wrong.

Yesterday's agreemant with student leaders of the anti-immigrant agitation in Assam where, in early 1983, at least 3,600 people were killed, leaves some important questions unanswered.

The predominantly Hindu Assamese have been demanding the disenfranchisement and deportation of more than 1m Moslem settlers from neighbouring Bangladesh. The violence in 1983 erupted after Mrs Gandhi called for state elections in which tha immigrants would be able to vote.

The agreement is reported to disenfranchise for 10 years all illegal immigrants who entered the oil-rich, tea-growing state after 1966. All aliens who arrived after the 1971 Bangladesh war of independence are to be relocated outside Assam.

Meanwhile the Government agreed to dissolve the state assembly and hold new elections but resisted attempts to unseat the incumbent state government.

Among the questions which the agreement raises is how the electoral provisions will be enforced: the Government claims that the number of immigrants totals 1m while tha students say the number exceeds 3.5m. Where moreover will the aliens be relocated and how will they react?

The problem is compounded by the fact that thousands are still believed to pour across the border from Bangladesh each year.

Opposition

The agreement, signed last month, with the Akali Dal, the moderate Sikh political party aimed at ending the turmoil in the rich northern etate of Punjab is equally fraught

While the accord settles many longstanding grievances of Punjabi Sikhs it does so at the expense of the neighbouring state of Haryana which is understandably upset.

The more controversial issues —Punjabi claims to e fair share of certain river waters, calls for rehabilitation of soldiers discharged for desertion, and a 12-year-old Sikh resolution calling for increased state power—have merely been referred to national commissions.

Beyond this there remains considerables opposition among militant Sikhs to the agreement and so the accord does not necessarily mean the end of terrorism.

Not everyone is happy with Mr Gandhi's style of government. In trying to streamline his own Congress (I) party and root out corruption in government Mr Gandhi has made enemies. Many of his economic reforms have displeased the more conventional socialists in his government. Others find the Prima Minister's style too glib.

But at least Mr Gandhi is taking action and showing that he wants to place national interests above tha political and personal loyalties that bedevilled his mother's administration.

ALBANIA AFTER HOXHA

Europe's heart of darkness

By Our East Europe Correspondent

"A country rarely visited from the savage character of the natives." — Lord Byron on Albania, May 1810.

AS dusk darkens the southern port of Saranda, searchlights begin to probe across the bay, and two blue boats speed along the shoreline, flashing sirens illuminating machine guns mounted for'ard, to discourage any Albanian from trying the 10-mile swim to neighbouring Greek Corfu.

Tha difficulty for foreigners getting into Albania and for Albanians getting out—in some ways more acute with the passage of a century and a-half — makes this little Balkan country otherworldly. Albania today still has more of the feel of Conan Doyle's Lost Kingdom than of a 20th-century country flanked by Greece and Yugoslavia and a bare 60 miles from Italy. To most foreigners, it remains better known perhaps as the ancient Illyria of Shakespear's Twelfth Night or the home of Radio Tirana, broadcasting the pur milk of Marxist-Leninism in 18 languages. As for the majority of the 3m Albanians who have never been abroad and cannot or dare not pick up foreign transmissions on their TVs or radios, they must believe the official line — that Albania is the envy of the collapsing world around them.

It was, of course, the late Enver Hoxha, the ruthless and puritanical communist ruler of Albania for 40 years until his death in April, who made Albania what it is today: a land of no religion, no taxes, no private cars, no foreign debts (forbidden by the constitution), no inflation (16 price cuts and not a single price increase in four decades), near-zero freedom of travel and expression, a mandatory diet of Hoxha's 45-tome memoirs, the last remaining cult of Stalin and an official xenophobia that damns "U.S. imperialism, Soviet social-imperialism, Yugoslav, Chinese and Eurocommunist revisionism" alike. He also presided over an improved basic standard of living, education and health for Europe's poorest people.

Time will surely move even Albania on. But for the moment, under the handpicked successor, Mr Ramiz Alia, Hoxhaism reigns supreme. The slogans, every mile or so on the main roads, tha stone emblems set into hillsides, the billboards telling people that the posthumously published 45th volume of memoirs (on Albanian-Greek relations) is now in the bookshops and libraries — so hurry, hurry, while the inexhaustible stocks last—proclaim the late leader.

To grasp Comrade Enver's hold over the country, tha foreigner has to remember that, after centuries of humiliation and domination by foreigners, Albanians have now had in the post-war era their longest period ever of independence, if not of tha total self-reliance that is claimed. After Roman, Byzantine and Ottoman domination, formal independence (1912) was marred first by territorial encroachment by Serbia and Greece, then destroyed by Italian invasion (1939). Hoxha's paranoia during the war that the Anglo-American allies were out to topple him in favour of tha pre-war ruler, King Zog, was later given some credence by those countries' attempt to infiltrate anti-communist agents into Albania in 1949-50, an attempt foiled through the offices of one Kim Philby.

The association of Hoxha's personal paranoia with the ingrained Albanian suspicion of foreigners has produced one of the most remarkable sights to hit the traveller in present-day Albania—countless beehive-shaped concrete pillboxes that dot not only the coastline, but also fields in the centre of the country and even some squares and parks in the towns. Not all would now be usable—some are used clandestinely for hay storage or as lavatories — and very few would be useful in modern warfare. This outpouring of concrete came in the 1960s and 1970s. Some bigger pillboxes are even more recent, but the 81 per cent announced increase in defence spending since 1982 seems to have gona on other aspects of security.

Tha trigger for this upsurge in defence spending, which in fact accelerated in Hoxha's last year, was the bizarre death of Prime Minister Mehmet Shehu in December 1981, and the disgrace, imprisonment and possible execution of some of his family and political allies in the following year. Hoxha carried out leadership purges in the 1960s and 1970s, but none so inventively as his account of tha Shehu affair. In a script for which the well-read Albanian leader could well have drawn on Orwell, le Carré and Waugh, Shehu was said to have been a long-time secret agent for the Yugoslavs, the CIA and KGB, who eventually instructed him to kill Hoxha by: (a) a car crash; (b) shooting; or (c) poison.

Quiz your helpful and long-suffering Albanian guida as to how Hoxha's trusted premier for 27 years might have had the time to run the Government and work for three opposing intelligence agencies, and you get tha straight-faced answer: "It is all in Comrade Enver's book." At all events, Shehu is now an unperson. But his erasure has itself left its mark. At ona factory, for instance, in a photograph depicting a 1978 Hoxha visit, a black market pen has been used to blot out a figure at Hoxha's elbow. "Is or was that Shehu?" you ask. "Maybe or maybe not," is the cryptic answer. "But if it is, Shehu deserves no better," comes tha clarification.

Were the visitor then to say that this strikes him as Stalinist, Albanian officials would take it, if not as an outright compliment, certainly as no insult. Stalin is still the country's most reverred foreigner. The statues and posters of him, the Tirana museum devoted to him, the central Albanian town named after him, are Albania's, or Hoxha's, tribute to the man who regularly purged and therefore cleansed his Communist party, brooked no compromise with capitalism, helped Albania in its post-war hour of need and, perhaps most important of all, gave the revisionist Tito one in the eye in 1948.

This attitude helps explain why Hoxha's Albania fell in, and out, with successive Communist patrons — Yugoslavia until Tito quarrelled with Stalin in 1948, the Soviet Union until 1961 when Tirana could stomach the Stalin-disgracer, Khrushchev, no more and China until 1978 when Mao's successors turned reformist and towards tha West.

Yet each of these alliances, particularly with China simply because it was tha last, has left its mark. One of the features of the cultural revolution which Hoxha launched in 1967, following China, was the ban on all religion and the declaration of Albania as "the world's first atheist state." More than 2,000 mosques and churches were closed, and priests and mullahs "retired" or "re-educated" in prison or labour camps, providing more work fo the *Sigurimi* (secret police). According to allegations in a 1984 report on Albania by Amnesty International, which it admits it cannot conclusively verify, one priest was executed for secretly baptising a child in a labour camp, and a bishop ended up building a petro-chemical complex.

Other traces of Albania's cultural revolution are distinctively Maoist, and in a formal sense extraordinarily egalitarian. Wage differentials were cut in the late 1960s so that today the pay ratio between the average worker and the director in one enterprise is 1:1.7, in government ministries 1:2, and between workers in different industrial sectors 1:1.5 to 1.1.65. "Experience shows," says tha 1984 official handbook, "that bureaucracy is fostered by higher wages." This is all designed to prevent "the creation of privileged strata."

There are, of course, privileges for the elite. The director of Tirana's Enver Hoxha Auto-Tractor plant, who earns 1,000 leks (£114) a month compared with 400 leks a month for his lowest-paid worker, has a shiny new Peugeot 604 at his disposal.

But the Achilles heel of the system is the economy. It is no longer working as the Tirana visionaries planned it, or indeed as it ought to, given tha country's natural advantages. Two-thirds of Albania may be mountains, but hydro-electric power makes the country self-sufficient, even an exporter of electricity, and mineral deposits make it the world's third largest producer and second largest exporter of chromium, and a substantial extractor of copper and ferro-nicket. Despite this, growth rates in industrial output are slipping, the impact of which is aggravated by tha fact that Albanians have the highest birth rate in Europe and much improved life expectancy.

Reversing the decline in economic performance and the growth in worker absenteeism might in the long run mean reversing soma of the regime's most precious shibboleths such as the primacy of moral exhortation over material incentives. There is no sign of this so far, but the need for greater efficiency is now stressed constantly in Press and roadside slogans, and the word "profitability," but not profit, now appears approvingly in print.

What Albania cannot do for itself it to replace its geriatric stock of machinery. The most common sight and sound on the roads are whooping and coughing Chinese trucks and tractors, supplied between the mid-1960s and mid-1970s, as were virtually the entire rail rolling stock. The country has manfully tried to keep them going after the 1978 break with China.

This, however, will require a change in mentality. Slogans still shriek about "more oil to beat the blockade" and the like, but in truth the blockade was almost entirely of Hoxha's own isolationist making.

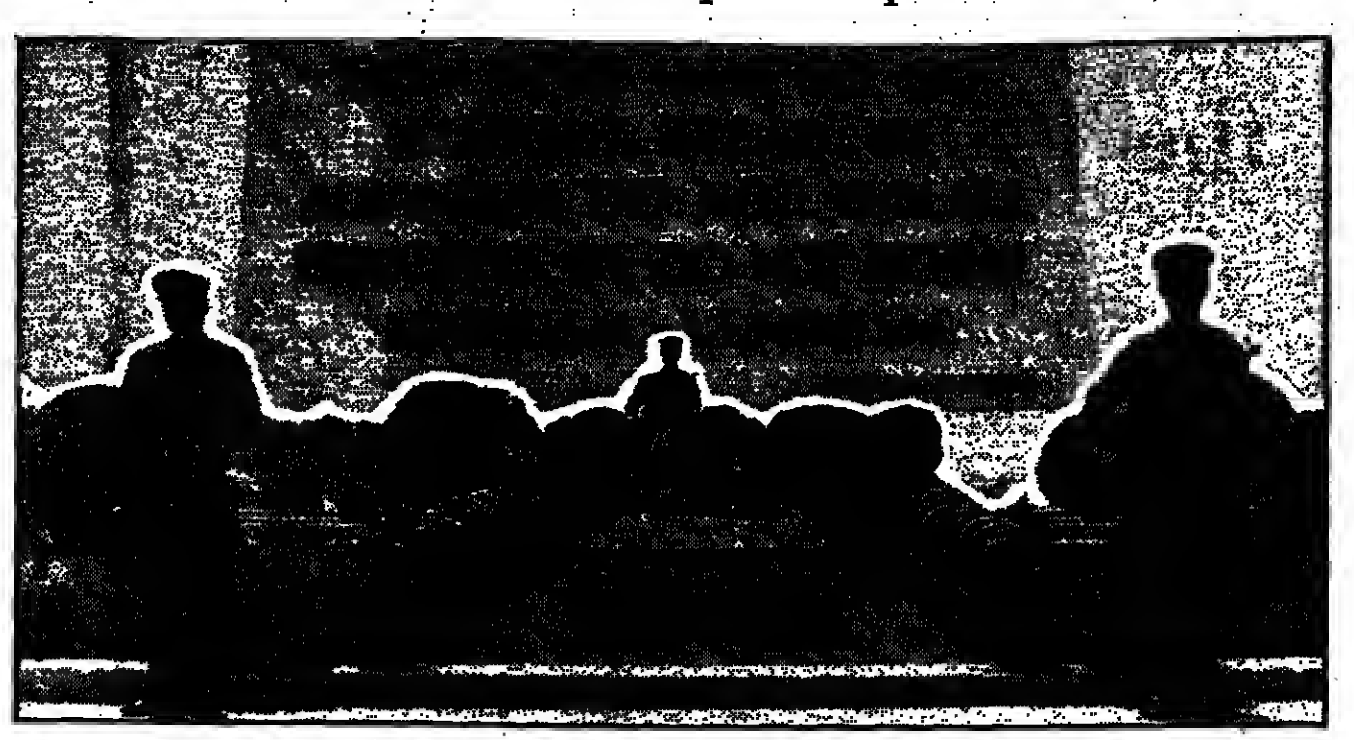
After the split from China, the Albanian leader declared a policy of maximum self-reliance. Only this month, one official explained that meant, if faced with the choice between buying a foreign good cheaper and making it at home more expensively, Albania would always choose the latter.

In fact, there has been a very gradual opening towards the outside world, principally towards the West, and Italy and Greece in particular, which began a couple of years before Hoxha's death. It has manifested itself in the start of a weekly ferry service to Italy, opening of two border crossing points into mainland Greece and possibly some more legal and safer link with Corfu than swimming: and later this year, if the Yugoslavs complete their portion of the railway, Albania's first rail link to the outside world.

Mr Alia is sure to move very carefully in opening up the country to the outside world, because isolation is the very foundation of the peculiar system he has inherited. It is not only that 40 years of giving workers productivity gains in the form of lower prices rather than higher wages would have to be reversed if Albania's prices are ever to bear any relation to those in the outside world. That is a manageabla economic problem. Exposing Albanians to foreign influences, and the opportunity to compare and contrast their system with 20th century Europe, is far trickier politically. Albania has, for instance, great undeveloped tourist potential. But still only 2,000 to 3,000 tourists are permitted in each year, in carefully shepherded groups.

Where, too, will Albania get the money to modernise its economy if, for political reasons, it rejects mass foreign tourism and fundamental economic reform? No outsider knows what reserves it holds at home, but the balance it held in Western banks sank to a mere $26m last year. This is partly why it is so keen to get its hands on a rather larger sum it claims from Britain, the U.S. and France. Those three countries hold some 7m tonnes of gold, seized from Albania and others by the Axis powers during the war and now held awaiting settlement of various counter-claims. One of these counter-claims is the £900,000 damages which, according to an International Court ruling in 1949, Albania should pay Britain for the sinking of two UK destroyers in the Corfu channel in 1946. Since this March the UK and Albania have been holding secret talks about the gold impasse which has so far blocked the establishment of diplomatic ties.

Albania has, for most of its troubled history, sought a protector, but never found one that it did not eventually view as a predator. With no apparent inclination to turn again to the East, and with tha recent modest opening up to the West, the big question is whether it can continue to stand on its own feet.



Hoxha's grave in Tirana (below) and a stone plaque at a customs house on the Albanian-Yugoslav border

Men and Matters

Downing Street reserves

Like any good neighbour, Nigel Lawson, Chancellor of the Exchequer, will be trotting next door to 10 Downing Street next week to keep an eye on things for Mrs Thatcher while she is on holiday in Austria.

Lord Whitelaw has been running the country since the Prime Minister departed—though with Mrs Thatcher in regular touch with her office, it does not seem to have made much difference.

Whitelaw's only noticeable public action has been to issue a statement yesterday marking the 40th anniversary of VJ Day. But he begins his own holidays on Monday, and hands over to Lawson.

It may (or may not) surprise you to know that Lawson is only fifth reserve for the job.

The job of dealing with the PM's post in her absence is governed by a strict order of precedence. Whitelaw, as Lord President of the Council, gets first crack at it. Then it is offered in turn to the Lord Chancellor, Lord Hailsham; Sir Geoffrey Howe, Foreign Secretary; and Leon Brittan, Home Secretary.

But apparently none of these substitutes is available next week (Are they trying to improve the Government's popularity by going abroad?)

So Lawson, for a few days, gets to be acting First Lord of the Treasury—and a chance at last to bring in some of his cherished tax reforms?

"Denis Thatcher's fallen on his feet at last"

Leverage

Lord Lever of Manchester's decision to become non-executive chairman of Stormgard, the tiny "shell" company used by Jennifar d'Abo to take over the textiles group Selincourt, is a striking tribnte to her persuasive powers.

Lord Lever, a senior economic adviser to Labour governments in tha 1970s, holds only one other directorship — The Guardian and Manchester Evening News.

Lord Lever must have found advising Stormgard on the course of its takeover bid a welcome change from the weightier and more intractable problems of third world debt which have taken up so much of his time lataly.

He was abroad yesterday, but d'Abo, fresh from celebrating her 40th birthday, was lavish in her praise of her new chairman.

"He has given us the most amazing amount of good advice and he doesn't mind being rung, at any time of day or night" she says. "We were nervous about asking him to become chairman of such a small company—but he was very nice."

Lord Lever was able to use his influence at a critical stage during the £20m bid when the financing of the operation appeared threatened.

Joining him in the Stormgard boardroom as a non-executive director is John Murray, a former financial journalist and now a director of the Edinburgh-based Stewart Ivory fund management group. He has also been advising d'Abo.

High fliers

The only clubs worth belonging to are those which are hard to get into.

Perhaps tha most exclusive club of all then is tha newly-formed Association of European Astronauts, which demands some extra-terrestrial travel experience from aspirants for membership.

Actually, the club is bending the rules a bit during its formative period. It has 13 members —four from Britain, three from West Germany, two each from France and Italy, and one each from Switzerland and Holland. But only three of them hava actually made trips into space.

The remaining 10 are due to qualify within the next few years by courtesy of rides on the U.S. fleet of space shuttles.

Commander Peter Longhurst who has been seconded from the Royal Navy to the British astronaut squad, and is due to fly on a shuttle next year, says the association's main job is to exchange views between peopla from different countries.

Reinhard Furrer, a West German physics professor on leave from the Free University of Berlin, is the current group chairman. He is due to put his scientific skills to use beyond the atmosphere on a forthcoming Spacelab flight.

The members who have actually entered space are two Frenchmen, Patrick Baudry and Jean-Loup Chretien, and a German, Ulf Merbold.

It is now nearly a quarter of e century since the first manned space flight. But nearly all of the 170 people who have made it aloft have been Russians or Americans.

Sudan branch

After six years' banking experience with NatWest in Croydon, John Morris, aged 28, has been chosen from 250 volunteers among the bank staff for the most unusual assignment the bank has to offer.

He is being seconded to Khartoum for a year and leaves next week to administer the £10m budget for the Save the Children Fund thare.

The famine in that country is now so serious that the Fund has projects designed to help 1.5m people at risk.

Morris, who is single, says the job will be a challenge after his usual work of dealing with commercial loan applications for South Londoners. But he has a family background in overseas work. His father is currently the British Council's regional officer for west Africa.

Ha adds, however, "I think what really helped me get the job was my experience driving heavy lorries as e holiday job before joining NatWest. They tell me that I will have to be prepared to leave the book-keeping and drive a food supply lorry if necessary."

Testing times

As the tourist trade in London claims new records the patience of the locals is being sorely tried.

"Excuse me sir," said a Dutch student, stopping a businessman in the street, "Can you tell me tha time?"

Thay were standing beneath Big Ben.

Observer

UK retailing revolution

What's in store for the 1990s...

By David Churchill, Consumer Affairs Correspondent

Chris Walker

BRITAIN'S retailers are enjoying a bonanza. Spending in the shops is running at its highest level ever, according to Government figures released earlier this week. But despite these apparently healthy trends, retailers are increasingly facing up to the fact that they are trading in a mature market.

Although volume sales have increased steadily since the 1950s, the proportion of ell consumer spending through shops has fallen from 53 per cent in 1950 to only 39 per cent last year.

The result has been a major shake-up in the High Street which will determine the shape of shopping in the 1990s.

Burton'a acquisition of the Debenhams department store chain is only the latest in a series of takeovers nf traditional names such as Currys, Halfords, Heals and Waring & Gillow — and the dissolution or restructuring of major groups such as UDS or Woolworths.

At the same time, retailers are spending billions of pounds on creating new identities and stores designed to woo the fickle customer. Computer technology, new shop fronts, out-of-town locations, and more aggressive marketing ere all part of the battle to stay in front. Leading retailers realise the current buoyancy is just a temporary respite from tha longer term problems facing the aector.

"It's difficult to put a finger on any single factor behind the good sales figure this year," says Tom McNally, director of the Retail Consortium which represents the bulk of Britain'a retailers. Tha surge in tourists,

A major shake-up in the High Street

extra credit card usage, and the black economy are all possible factors. Tha affluent consumers of the 1980s bave influenced tha way retailars are edapting to changed market conditions.

"As consumers' real incomes have increased, so product quality, design and styla have become more important," says Edward Whitefield, chief executive of the Management Horizons retail research and consultancy group. "Consumers have moved beyond the basic survival needs to the fulfilment of psychological aspiretions."

It is these aspirations that the new wave of retail entrepreneurs, such as Sir Terence Conran of Habitat/Mothercare or Ralph Halpern of Burtons, have sought to satisfy in their hid to become the leaders of British retailing.

The importance of the new wave is emphasised by the decline in the relative strength of traditional retailing since the war.

"More money is going on non-retail products and services, such as holidays, cars, housing, entertainment, and private health," says Richard Eassie from the Mintel market research group. "The growth of other attractive but non-retail ways of spending or saving money will expand rather than diminish," he adds. "The immense success of the British Telecom share flotation is a dramatic example of the fresh channels being opened up to absorh discretionary income.

"As the UK retail industry has approached maturity, so the opportunities for growth have diminished and change has become essential in order to grasp these more limited opportunities," says John Richards, a senior retail analyst with stockbrokers Wood Mackenzie. "The automatic easy recipe for growth—opening up in e new town or extending the merchandise range—no longer carries with it a guarantee of success."

At the same time the weaknesses of many retailers have been exposed.

The recent Home Office committee of inquiry into Sunday trading calculated that, after charging a market rent on all properties, the net return on sales for the total retail trade was only 1.3 per cent. For clothing and footwear retailers the return was minus 3.3 per cent.

"It is a classic textbook scenario—a complacent industry brought np on illusory profits (and even now being spoilt by the strength of retail sales) locked into a structure developed to cater for a world fast disappearing," says Mr Richards. "Too many of the right sites are still in the wrong hands." Small wonder, he adds, that a complete rethnik or takeover may be the only solution for retailers.

The changes in retailing will develop in four key ways over the next few years and will establish the pattern of trading for the 1990s:

● Design: The much-vaunted "Gallerie" concept advanced by the Burton camp during the battle for Debenhams is typical of new thinking.

A galleria-designed store typically has a glass frontage

Laser-scanning checkouts are expected to become the norm in large supermarkets

and an open "well" inside the store which reveals specialist shops on several floors. The aim is to make every floor in a multi-layered store as attractive as the ground floor. Burton'a galleria will be based on the designs used successfully by retailers in Japan, the U.S., on the Continent, and even in Russia.

"The key to the success of such concepts is whether or not the central open space encourages people to come in from the street and treat it almost like a public thoroughfare," says Brian Boylen, managing director of designers Woolf Olins.

The first galleria-type Dabenhams is undarstood to be at least two years away — but before then Burton plans, according to Mr Halpern, to spend np to £30m "brightening up the Debenhams stores, giving them a cosmetic face-lift to make them more attractive to our customers."

Sir Terence Conran'a team of retail designera will be largely responsible for this face-lift and the eventual galleria designs — hut a host of other retail designers are competing vigorously to re-shape other stores.

About 75 per cent of retailers qnestioned in e recent survey had adopted a new store design format within the last two years —with 50 per cent undertaking this investment in the past 12 months. More than three-quarters made use of specialist design consultants.

The life expectancy of such new looks is as low as three years for fashion shops — although slightly longer for other types of retailer. It is clear, therefore, that not only will today's revamped stores be sprouting new looks in the 1990s but many more retailers are likely to follow suit to ensure that they are not left behind.

Even Marks and Spencer, for example, is becoming more concerned abont the design of its stores — experimenting with shops-within-shops and hrighter layoots.

● Electronics: Retailers have been alow to grasp the benefits of new compnter and electronic technology for use in stock control and at the point of sale. Yet there are signs that they are at last beginning to embrace new technology in a hig way. "The cost of retail computer technology has fallen hy some 30 per cent in the past three years and this is fuelling what we predict as an explosive growth in electronic point of sale for the rest of the decade," claims Richard Snook, ICL's manager in charge of its retail division.

Laser-scanning checkonts ere expected to become the norm in most large supermarkets by 1990 while hy that time there are expected to be several experiments in operation for electronic funds transfer at the point of sale—antomatic dehlting nf customers' bank accounta when they pay at the checkout.

Teleshopping at homa via viewdata systems or home computers will also have become estahlished by the early 1990s, althongh this is likely only to eppeal to e minority of consumers.

● Store locations: The more affluent consumers of the 1980s — with two working adults in the same household — increasingly wish to evoid crowded High Streets with poor car-parking facilities. Instead they prefer to sbop at large out-of-town superstores or hypermarkets where parking is easier.

Marks and Spencer's recent conversion to out-of-town shopping is a sign of this trend — hut the High Street will still survive as the place for the specialist shop, such as fashion boutiques or up-market food shops.

Small neighbourhood convenience stores based on U.S.-style stores offering convenience and value are also increasingly popular. They will particnlarly benefit from seven-days-a-week trading following the relaxation of shop opening hours from next year.

● Marketing: "Prosperity in retailing depends upon marketing-based innovation," says Mr Eassie of Mintel, adding that the range of new methods of marketing in retailing is considerahle. "There is market segmentation by age, as in many clothes shops such as Next or Principles, or by product as in the arrival of stores specialising in everything from health food to computers."

Other marketing trends include the cross-selling of

The importance of the new wave

financial and nther services, previously outside the scope of what people would buy from a shop.

The winners in the 1990s will be those who get the marketing mix right. Yet the retail battles ahead — with new market gaps opening up and further takeover hids of less successful stores — promises to be a long war of attrition.

Mr Richarda of Wood Mackenzie. suggests that "there is also a risk that retailers, with their egos fed by the consumer spending boom, will find they've indulged in a zero sum game where each company's additional capital spend merely cancels the other out."

But, he adds, "no retailer can either afford or dare to step off the merry go round now — the customer is becoming more demanding and also changing more rapidly." In the 1990s, the consumer undouhtedly will be king.

Lombard

Delicate issue of equal pay

By John Lloyd

THE EQUAL PAY (Amendment) Act has many employers worried, as well it might. Since last January, any worker (in practice they have all been women) may claim pay equality with male workers whose jobs they believe are of equal velue to their own.

The industrial tribunals of the country have not since been crowded out with women claiming large pay hikes, but cases have been building up since Julie Hayward, a canteen workar at Cammell Laird, claimed last October that her work was of equal value to three skilled workers in the yard, and won. The spectre of equality has since haunted employers.

Mr David Wainwright of TMS Management Consultants (which specialises in equal pay cases) believes managers are their own worst enemies in this, since they retain pay systems which ore full of all sorts of anomalies and which are now huilding up to be an explosive mixture. Echoing a freqnent plea of Sir Pat Lowry, chairman of the Advisory Concillation and Arbitration Service, Mr Wainwright preaches the gospel of restructuring pay systems in order to avoid the legal challenges which are now multiplying. Mr Willie Wood, of PA Consulting Group, is less sanguine: he sees the new law as a "time bomb," and is calling for the legislation to be changed.

The differential in the male/female hourly rate is a crude index, hut one which illustrates the scale of the problem. Tha latest figures (April 1984) show that women earn 73.5 per cent of the male hourly rate: that percentaga has been roughly stable since 1975, following five years (after the passing of the 1970 Equal Pay Act) in which women's relative earnings increased sharply from 63 to 72 per cent of men's pay.

Tha scale of the prohlem is obvious: the analyses of the causes vary. Tha legislation, and much of the work of the Equal Opportunities Commission, is necessarily hased on the implicit assumption that mnch of the differential is based on simple discrimination, usually hy the employer.

But different sets of work done hy the Centre for Population Studies, the Cambridge Department of Applied Economics and the Centre for Labour Economics et the London School of Economics proposed other reasons—which do not necessarily conflict with the simple discrimination model, but make it much more complex.

Under the "human capital" argument, women are seen as possessing a lower quantity of the commodity of experience—largely because of time spent out of the labour market bearing and rearing children—and can thus command a lower price.

Attitudes are of course crucial in this. It is a cliche of industrial relations that women are less active in unions than men, even where they are numerically dominant: this reflects their relative lack of interest, or confidence, in matters of pay and conditions becausa these issues are felt to be of less importance. The argument is, however, that where women could be shown to have some purchase on the levers of power which might improve their relotive position, that interest would he quickly stimulated.

The Equal Pay (Amendment) Act could be such a lever, and may already be proving to be so. But it carries with it further large implications — for the unions. By offering a large number of workers redress through industrial tribunals (and ultimately the courts), it adds a further piece to the jig-saw of law which is now being put together on top of the industriel relations table. Union leeders can of course make use of it and some are: hut others distrust it precisely on the grounds that "if the law can give workers what they want, will they want us?"

This argument is now being rehearsed once more hy the Labour Party and the TUC in the context of discussions on a statutory minimum wage. British collective hargaining is hit hy hit ceasing to be "collective laissez faire," es Otto Kahn Freund described it in the 1950s: or rather, the collectives of employers end workers which have commanded its terrain now bave to cope with the twin pressures from individoalism and regulation which, once established, will not disappear.

Letters to the Editor

Unitary tax state

From Mr F. Hayes

Sir,—I am comforted by Mr Gryils's view (August 12) that Section 54 cannot be epplied to Swiss, French or other companies hased outside tha United States although this is not appareot from the legislation. The definition of a unitary state is indeed limited to e state within a territory with whom we have a relevant treaty; the definition of a company which has a "presence" in a unitary stata is not however so limited or at least not without distortion of language. Of course if the Inlend Revenue is prepared in practice to treat the section as applying in the manner which Mr Grylls suggests it was intended then companies ontside the United Statea can relax. I would hope the Government is prepared to state this publicly.

Evan then it is difficult to explain the equity of Section 54 to American companies based ootside California who have made decisions to commit large amounts to United Kingdom investment (and employment) hased on treaty rules which may now be arbitrarily changed.

The observation however, that the drafting of Section 54 has been bungled is not the main point. Mr Grylls seems to he suggesting that Parliament is perfectly antitled to alter domestic law in a manner which is in hreach of our treaty obligations. My point was that even if Parliament is so entitled it should not have considered doing eo. The cost to British indnstry of demonstrating to the Finance Ministers of our 90-odd treaty partners how to get out their pens to excise the protection given by some aspect of their treaties which, for one reason or another, they have come to regret is a cost which the sponsors of Section 54 appear to consider negligihle.

The point that Mr Grylls makes that the U.S. Foreign Investment Real Property Act is expressed to overrula provisions of United States treaties (e "they can do it so can we" ergument) reinforces my point. The United States and other countries olmost always reserved the right to tax capital gains on immovahle property (see for instance the Unitad Slates and OECD model treaties of 1977) and the United Stotes would argue that it was closing ovenues of tax avoidance, for instence by wrapping up auch gains within companies to claim the benefit of o treaty.

The United Kingdom does not aven have this argument. Countries which wish to ehange their treaties in the seme way now also have the precedent of the actions of the United Kingdom whose legal system. in matters of commercial low, commends wide respect.

I would like the Government to reflect npon the fact that our treaty network is itself a major protection, if not the major protection against other countries developing a unitary tax system. Section 54 merely shows the way to set abont dismantling this.

F. B. Hayes,
Coopera and Lybrand.
Abacus House,
Gutter Lane, EC2.

Dolce far niente

From Mr D. Stafford Smith

Sir,—Living and working in southern Spain has advantages which extend far beyond the weather and the quality of lifa considerable though these may be. It gives one a totally different and far better appreciation of the real values in life.

As long as we continue to bring up our children, both in tha home and at school, to be-believe thet work is the purpose of life then we are huilding in enormous areas of inevitable frustration if at the same time we continue—as we are bound to do—with a policy of automation.

If on the other hand wa see man's role as one of enjoying himself then we can set ebout solving the real problams of changa in the automation society. These are not the creation of unnecessary jobs for people who ought not to want to do them but (a) the introduction of new education systems for both adults and children to identify their real talents and to show them their true role in life; (b) the development of new and effective systems of work sharing so that the "un-social" work which no one wants to do and which cannot be automated is got out of the way as quickly and equitably as possible; and (c) the planning and implementation of new systems to distribute created wealth which will remove the stigma and degradation of the dole queue.

We might then have a sociaty structure which can at last shake off the ill effects of the industrial revolution which will, in retrospect, be seen as the blackest of all the dark ages and be ready to accept both the challenges and the potentials of what could end should be the golden age of Man's fulfilment.

Then too Ministers of Labour and Chancellors of the Exchequer in all countries might come to see rising unemployment figures in their true light not as signs of failure but as signs of victory for Man's creative genius.

Dick Stafford Smith.
Calle Marconi 7—1,
Fuengirola, Malaga,
Spain.

Watch that man

From Mr P. McGregor

Sir,—I have no love for Mr Knapp and his nnhelpful colleagues, but is not too much being made by both British Rail and London Underground of tha economic need for one-man train nperation?

For a start, far more men are wasted on the stations. At my Metropolitan Line station there is alweys one man with his hands in his pockets watching another man (the design of tha station means that only one is needed) checking the tickets. Tha other day there were two meu with their hands in their pockets. Sometimes we have also a stationmaster in o smart uniform watching the man with his hands in his pockets watching the man checking the tickets.

And if the manning of the trains were tha key to financial viability, why does it pay to transport by road? Tha truck nr bus equivalent of an average train must require 30 or 40 men as crews.

There must be more to it. I think we should ba told.

Peter McGregor.
Dacres.
Troutstream Way,
Loudwater, Herts.

It's for you-oo

From Mr R. Street

Sir,—I note (August 12) that British management has been heavily criticised, in general for its interviewing techniques. One of the other areas where it falls down extremely badly also is in the field of training of telephone switchboard operators.

My job entails telephoning (heavily) to firms in Europe and in the UK. I always make the calls myself and not through a secretary. Over a number of yaars I have discovered that: British firms always take longer to answer than their Continental counterparts; many of the medium and smaller sized organisations ask "who'a calling?" in a brusque and discourteous manner befora connecting you any further; and there is often an air of lackadaisy about the switchboard's whole approach.

It is incomprehensible to me that such firms do not realise that their initial impact and face to the world at large is through their switchboard. A general impression created must surely in these cases be appalling. It certainly is on me, but let me say that, in contrast, some firms deserve a great deal of praisa in this context.

The main difficulty is that so many companies do not seem to appreciate the problems which callers may have — to whom they should speak, who is the expert in the area concerned, is there a general supply of information abont peopla in the firm, etc. To exacerbate this sometimes dreadful picture, many firms seem to employ a she-wolf type of secretary whose sole concern is to "protect her master, at all costs, from so-called unwanted interruptinns." The decision about that which is wanted and that which is not wanted seems to remain with this she-wolf. As a result, I am sure, many executives, so-called, in British firms, have their heads wall and truly buried in the sand and are not eware of what is available to them and their organisations both to streamline their processes and to improve their turnover and image.

Robert T. Street.
109, Oak Tree Road,
Knaphill,
Woking, Surrey.

Franchising and start ups

From Mr A. Dean,

Sir,—Under the Government'a present rules unemployed people are not eligible to claim the enterprise allowance when starting a new business as a franchisee. This applies to the majority of husiness format franchise start ups.

It would appear that the Government's policy is to assist new non-franchised business start ups but prospective franchisees, because of links with tha franchisor, are deemed not to qnalify.

Franchising is a rapidly growing industry employing about 70,000 people and having an annual turnover approaching £1bn. The success rete for franchisees starting their own husinesses is considerably better than non-franchised start ups. Many franchisees have started their own businesses after being made redundant and several franchises are now availabla to people with a modest amount of capital.

Therefore, if the Government were to be more broad minded and change its rules so that all franchises were eligible, tha benefits to the franchisee, the taxpayer and the Government would all be increased.

Adrian J. Dean,
15, Mereheath Park,
Knutsford, Cheshire.

FINANCIAL TIMES

Friday August 16 1985

RAJIV GANDHI NEGOTIATES A SOLUTION TO RACIAL UNREST

Assam peace settlement agreed

BY JOHN ELLIOTT IN NEW DELHI

MR RAJIV GANDHI, the Indian Prime Minister, has achieved his second political coup in a month by finalising a settlement to ease communal unrest in the northeastern Indian state of Assam where 3,000 people died in violence in 1983.

Three weeks ago he negotiated a settlement for the troubled northern state of Punjab, whose ethnic problems have lain behind extensive terrorist activity by Sikh militants.

Both settlements must cross several hurdles before peace is assured. In Assam there is a problem of relocating tens of thousands of illegal immigrants from Bangladesh and then holding state assembly elections. In Punjab Mr Gandhi is still debating how soon to risk renewed violence and call elections for the state assembly.

The Assam settlement, reached early yesterday, was announced by Mr Gandhi when he made his first independence day speech from the ramparts of New Delhi's old Moghul Red Fort.

His mother, Mrs Indira Gandhi, who was assassinated last October by Sikh extremists, always made the speech with no protection from the weather or from possible assailants. Mr Gandhi, however, was protected by a bullet-proof glass screen and heavily armed guards in one of the capital's most extensive security operations, reflecting the continuing fear of Sikh terrorism.

In his speech Mr Gandhi stressed India's wish for friendly relations with its neighbours. He warned, however, that Pakistan would first have to "rethink" the nuclear weapons programme India is convinced it is pursuing. He also answered critics both within and outside his own Congress I Party about his economic and industrial reform at a time when rising inflation is causing political problems. He promised greater expenditure on alleviating poverty and said that indigenous equipment would be used where possible for India's industrial modernisation.

The Assam unrest built up over the past six years, halting normal economic and political activity and souring relations with neighbouring Bangladesh. Foreigners are refused entry into the state.

Student leaders and other local Hindu political activists allege that 3.5m Moslem immigrants had entered Assam illegally from Bangladesh by 1979, and that the flow has been continuing. The Government put tha figure nearer to 1m. The allegations led to unrest over who should be included or excluded from electoral roles.

The settlement says that only people living in Assam before 1966 may vote in elections, which India's election commissioner suggested yesterday could not for organisational reasons be held before October or November.

People who arrived in Assam after 1971 – at least tens of thousands – will be expelled, possibly to the neighbouring Indian state of West Bengal, although this has not been spelt out. Those who arrived between 1966 and 1971 are to be disenfranchised for 10 years.

The Government now faces the huge task of drawing up lists of these different categories and of making the delicate political decision – because the head counts will not be precise – about how many people to expel and disenfranchise.

The longer that work takes, the greater the risk of renewed violence.

The Government also had to take measures which will show the Assamese people that they are to share in India's economic development. Mr Gandhi promised earlier this week increased industrial investment in Assam, which is an important source of oil and tea, including new petrochemical and electronics projects.

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WH Smith buys U.S. gift shop chain for $65m

By Charles Batchelor in London

W. H. SMITH, one of Britain's leading newsagents and book-sellers, is paying $65m in cash for Elson's, a privately owned news and gifts shop chain with 189 shops in hotels, airports, office blocks and railway stations throughout the U.S.

The Elson's deal represents Smith's second attempt to break into the U.S. market. Six years ago it set up an operation publishing and wholesaling English books but ran up large losses.

Mr Simon Hornby, W. H. Smith's chairman, said: "We were determined this time to find a business which was substantial enough to form a basis for growth. Our first entry into the U.S. was quite different. We started a small distribution business which we managed badly."

Elson's, a group of 14 companies based in Atlanta, Georgia, made a pre-tax profit of $6.6m on turnover of $88m in the 53 weeks ended February 1 1985. This compared with profits of $3.5m and turnover of $75m the year before. At February 1 1985 the net book value of assets was $8m.

Elson's will be opening about 90 new stores in the 16 months to June 1986 and expects to continue at a rate of about 50 stores a year for the next five years. The ambitious new building programmes of the large U.S. hotel groups means many of the new outlets will be in their premises.

It was Elson's need for capital to fund this expansion programme which prompted the U.S. company to turn W. H. Smith, Mr Hornby said. W. H. Smith will put $8m-$10m into Elson's over the next 12 months but thereafter it expects to finance further growth from earnings.

The Elson's deal comes just over a month after W. H. Smith announced plans to pay £5.2m for the lossmaking Classic Bookshops chain of Canada. Classic's 111 specialist shops combined with W. H. Smith Canada's existing 122 outlets will make W. H. Smith that country's largest book retailer.

Mr Hornby said the Elson's purchase was a significant step towards W. H. Smith broadening the geographical spread of its assets and earnings to make it less vulnerable to risks in any one country.

Apart from its nationwide chain of retail outlets, Elson's also wholesale magazines, periodicals and books in Georgia.

Elson's was set up after the war by the father of the present chairman, Mr Eddie Elson, initially as a wholesaler.

Accumulated losses from W. H. Smith's small distribution business mean the company does not expect to pay any U.S. taxes on Elson's profits for the first two years.

W. H. Smith will finance the purchase from its own resources and from borrowings. Apart from the $65m cash payment the British group will also refinance $3.3m worth of loans to Elson's. This sum will be repayable on completion.

THE LEX COLUMN

Putting the less in Plessey

The impromptu alliance of UK building societies with the Bundesbank had no effect yesterday on the structure of official UK interest rates. Unwilling to foster this pan-European movement to cheaper money, the Bank evidently felt obliged to assert some traditionally insular priorities – sterling and anti-inflation – by resorting to a mild form of penal lending to the discount market.

If UK rates were not to be encouraged downwards, the market for government stocks could at any rate reflect on the minute amount of funding it had been required to bear last month; with only a net £10m taken out of cash-flow, the market ought to be in reasonable shape.

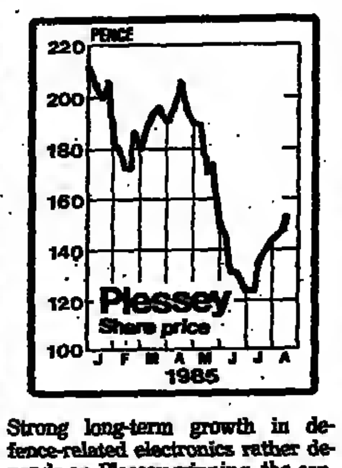
Plessey

Having already told the world what it would make in its first quarter, Plessey was honour-bound not to spring any great surprises yesterday. But though the pre-tax profits of £39.2m – down from £42m in the same period last year – were bang on target, the style of their presentation was decidedly low-key.

Three years ago, when Plessey bought its U.S. subsidiary Stromberg-Carlson, it claimed it had to have an international base to survive. Stromberg-Carlson was to be the vehicle through which Plessey could sell to the Bell operating companies and, with any luck, take on the rest of the world. Now the picture is painted in far less gaudy colours: Stromberg-Carlson has not won any Bell contracts, but could possibly make money without them, within a year or two at best.

Nor does the future for the rest of Plessey's telecommunications businesses look particularly bright. Sales of System X to BT may be assured, but undoubtedly at lower margins than the TXE4 exchanges. As for PABXs, Britain is already nearly saturated with private exchanges of such a high quality that they may not need replacing for years to come, but Plessey has not yet proved its case as an exporter of telecoms.

Meanwhile, profits in microelectronics will do well even to stand still in such a competitive climate.



Strong long-term growth in defence-related electronics rather depends on Plessey winning the contract to equip the U.S. army with its Ptarmigan communications systems.

So, on the optimistic assumption that the company makes £175m this year, the shares – up 6p to 154p yesterday – are on a prospective multiple of over 11. Given the lack of obvious growth prospects, it looks as if people are punting on the Pentagon.

Royal Insurance

Share prices in the composite insurance sector have been riding on a prospective U.S. underwriting recovery for months past – not without reason, as the accelerating improvement in premium rates should soon be filtering through to actual profits. Even after yesterday's slight disappointment with its second-quarter profit, £19.5m before tax, Royal remains the composite which has gained the most from news of firming premium rates. At 692p, down 11p, the shares are still a third higher than their 1985 low.

That is fair enough, since Royal has certainly the most promising exposure to U.S. commercial lines – about a third of its total book – and can recite a most impressive list of multi-peril rate increases to encourage hopes for a decent second half.

Royal can also point to a modest improvement in its second largest market, the UK, where an exceptionally rapid rise in the frequency of claims on Royal's motor account did not prevent the second quarter from producing an overall underwriting profit. On this basis, something like a trebling of pre-tax profits to £180m next year is generally assumed to be on the cards.

But although the two most important markets appear to be moving the right way and taking the total with them, Royal's performance is disfigured by a host of problems in smaller territories almost everywhere from the Hague to Hobart. An exit from most of the Australian workers' compensation business – shortly to fall under differing degrees of official control in Victoria and New South Wales – will probably cause few regrets, and minor annoyances of this sort will scarcely cramp Royal's share price in any case.

But if despatches from the U.S. underwriting front began to carry a less convincing message, showing that premium increases had started to taper off, that would make the whole sector look expensive.

Murray Growth

Defending an investment trust against an unwelcome bid is not the easiest of tasks – phrases like "protecting loyal employees" or "the interests of the local community" or "great strides in cost-cutting and productivity" are hardly appropriate weapons. Which is probably why Murray Growth's defence document against the Merchant Navy Officers Pension Fund is rather a limp read.

Some of the objections could be construed as misleading; others merely nitpicking. In the end, it comes down to money, and Murray Growth is right to point out that shareholders who are liable to capital gains tax could lose out by not being offered a paper alternative.

Anyone who bought Murray Growth at less than 45p would see their gains compared with the pre-bid price wiped out by tax so long as they have no offsettable losses.

To get over the CGT hurdle, Merchant Navy could perhaps have teamed up with a third party to offer shares, rather like an upside-down vendor placing. But if it at least went halfway and issued loan notes, investors would be able to spread their gains over several years and possible avoid paying CGT altogether.

Contaminated Italian wines found in UK

BY TONY JACKSON, CHEMICALS CORRESPONDENT

THE AUSTRIAN contaminated wine scandal has spread to Italian wines sold in Britain. Eight Italian wines, some of vintages as early as 1974, have been identified by the UK Ministry of Agriculture as containing the illegal chemical additive diethylene glycol.

The disclosure follows the discovery of the chemical in a number of German wines. A total of 31 contaminated wines have been identified by the German authorities, and eight more have been found by the Ministry of Agriculture's laboratories at Norwich.

Until last week Ministry of Agriculture tests had been restricted to wines from Austria, Germany and Eastern Europe. The range was widened to include Italian, French and Spanish wines after contaminated Italian wine was reported by Japanese health authorities last Wednesday.

The German Wine Informatioo Service in London claimed that all German bottlers so far identified also handled Austrian wine, and that traces of diethylene glycol could have resulted from using bottling equipment previously contaminated by Austrian wine.

In the case of the Italian wines in Britain, that seems unlikely. Three possible cases of contamination are suggested – inadvertent traces from bottling equipment, deliberate (and illegal) mixing with Austrian wines, and independent use of diethylene glycol.

Although there has been no official confirmation from the Ministry, early indications are that the Italian wines contain diethylene glycol in a higher concentration than in any of the Austrian wines so far identified in the UK. The highest concentration so far found in Austrian wines is 3.2 mg per litre. All German wines have so far been found to be below that level.

Diethylene glycol is a chemical which has been used as a sweetener in Austrian wines, and is potentially poisonous in high concentrations. No ill effects have so far been reported from its use in wine.

Diethylene glycol is chemically distinct from ethylene glycol, the chemical used in antifreeze. It is a clear, colourless and practically odourless liquid, used as a lubricating and softening agent for textiles, paper and tobacco.

● The Italian wines identified by the UK ministry as having been contaminated with diethylene glycol were two bottled by Spadis of Casalino, Lambrusco Bianco Gionelli and Lambrusco Gionelli (red table wine), and six bottled by Fratelli Dogliani: 1974 Barolo Riserva Kiola, 1982 Barbera d'Asti, 1978 Barolo Kiola, 1975 Barolo, Bianco Dogliani and 1982 Barbera del Piemonte.

Eight West German wines were identified as contaminated in the UK and a further 31 identified by the German authorities. The bottlers, followed by the number of different wines attributed to each, are: Niederthäler Hof, of Schloss Böckelheim (13), Walter Seidel, of Alsheim (11), F Pieroth, of Burglayen (8), Erzeugergemeinschaft (co-operative) of Alsheim (1), Richard Haas, of Rudersheim (1), Kurfürstenhof-Weinkellerei, of Nierstein-am-Rhein (2), Peter Lang, of Alsheim (1), Peter Mertes, of Bernkastel-Kues (1) and Rainer Sieben-Basting, of Östrich-Winkel (1).

Key German rates are cut by ½ point

Continued from Page 1

June alone, foreigners had bought German bonds worth DM 6bn ($2.15bn) and shares worth more than DM 2bn. He ascribed this to confidence in Germany's monetary and economic policy generally, and to expectations of a stronger D-Mark.

The Bundesbank had been widely expected to cut its key rates soon in any case since money market rates have dropped to a point where the discount level looked inappropriately high.

But both the prompt action of the council at its first meeting after the summer vacation and the rare presence of the Finance Minister at the meeting were seen as moves to help generate greater economic confidence at home.

Herr Pöhl stressed that naturally lower interest rates alone could not solve the problem of unemployment – now totalling 2.2m – but they could help reduce the total next year.

Other encouraging factors, Herr Pöhl said, were the growing pace of industrial investment, the Government's DM 11bn income tax handout next year, and the likelihood that the trade unions would press for more money rather than shorter working hours.

All that together, Herr Pöhl felt, spoke for stronger domestic demand – and economic growth – even if the present export boom lost some of its impetus.

Replying to questions at a press conference, Dr Stoltenberg said that, in principle, requests for removal of the *Börsenumsatzsteuer* – stock market stamp duty – were justified. But he could not say when the tax might be removed.

The minister noted that he had already done quite a lot for the capital markets by removing last year the coupon tax which foreigners had to pay on the interest they received from German domestic bonds.

The stamp duty has become an issue recently because, among other things, it makes trading in newly permitted floating rate notes hardly profitable within Germany. The secondary market has thus tended to be in London, not Frankfurt.

Laura Raun in Amsterdam adds: De Nederlandsche Bank had been expected to follow Germany's reduction as Dutch interest rates have plunged to a 15-year low and the guilder has strengthened notably against the D-mark recently.

The Dutch central bank's policy is to steer interest rates in tandem with West German rates, with the Nederlandsche Bank providing ample liquidity to the money market in recent weeks. In mid-July Dutch banks removed the half-point surcharge on basic lending rates that had been in effect since February, when official interest rates were raised by half a point.

The Dutch advance rate, or the lending rate to the money market, was reduced yesterday by a half percentage point to 5½ per cent and the promissory rate, or commercial banks' basic fee to customers, was cut to 6 per cent from 6.5 per cent. The new rates are effective today.

It is hoped that the softer interest rates will help spur consumer spending – which is beginning to edge up after several years of flat and sluggish growth – and business investment, which is rebounding healthily. Further easing in Dutch rates is largely dependent on lower German rates, which could materialise if the dollar continues its plunge.

Weaker dollar poses choices for Europe

Continued from Page 1

devaluation of the Italian lira the French central bank intervened with its foreign reserves to defend the franc's EMS parities. The Belgian central bank also intervened to defend its currency.

Although the two currencies have now stabilised, the French Government, facing national elections next spring, has made clear that it is not prepared to take risks with the franc by pushing interest rates down too quickly.

On that basis, further reductions in France would depend on a continuing downward trend in West German rates, since the D-Mark provides the anchor for other currencies in the EMS.

Britain, while not in the EMS exchange rate mechanism, is anxious to defend the value of the pound, so its judgment on interest rates will be influenced heavily by levels in West Germany as well as by the strength of the dollar.

The scope for any further reduction in European borrowing costs will in turn depend crucially on the performance of the dollar.

European governments appear convinced that the dollar is at last heading towards what one senior official termed "some sort of long-term equilibrium rate" against other currencies.

But they believe that the 20 per cent fall in its value from a peak of DM 3.45 earlier this year overstates the benefit that Europe has derived in terms of lower import prices.

That peak is regarded as an aberration which was sufficiently short-lived to have had no real impact on European economies. The real "depreciation" of tha dollar so far this year is seen as closer to 10 per cent.

Central bankers are also wary about acting too quickly in case a revival of U.S. economic growth later this year brings a temporary bounce-back in the value of the dollar.

But if the U.S. currency's downward trend does continue, European governments will have the choice of taking the benefit either in terms of lower interest rates or lower inflation, because of the fall in the price of dollar-denominated imports.

In practice governments have so far tended to blend the two, taking the opportunity to achieve some reduction in borrowing costs to stimulate economic growth, but also nudging down their inflation targets.

West Germany, however, can expect continuing pressure to take the lead in bringing down interest rates.

In recent discussions between European Community governments, France and Italy have argued forcibly that the Bonn Government has been too cautious in expanding its economy.

They contend that with West German inflation heading towards 2 per cent and economic growth still relatively sluggish, it should take the full benefit of a declining dollar in lower interest rates.

The Organisation for Economic Co-operation and Development in Paris has also voiced concern that Europe may not fully compensate quickly for the deflationary impact of slower U.S. growth by lowering borrowing costs.

Yesterday Herr Karl Otto Pöhl, the Bundesbank president, held out the prospect that the cut in official West German rates could point to further declines in the cost of money.

Whether that promise is fulfilled is in the hands of the foreign exchange markets.

Insurer wins sex bias case

AN ENGLISH court ruled yesterday that a leading British life assurance company's practice of charging women higher premiums for sickness contracts was legal, writes **Eric Short in London.**

Judge McDonnell in Westminster County Court ruled that Friends Life Provident Office was justified in charging higher premiums to Ms Jennifer Pinder, a London dentist.

Britain's 1975 Sex Discrimination Act makes it illegal for insurance companies to charge different premium rates on account of sex or to take any other discriminatory action on grounds of sex unless the reasons for doing so are based on reasonable actuarial or other data from a reliable source.

After hearing evidence, Judge McDonnell said that "there was overwhelming evidence that a considerable loading was justified."

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	27	81	Dubrovnik	S	32	90	Malaga	S	26	79	Salzburg	S	30	86
Akrotiri	F	30	86	Faro	S	26	79	Malta	—	—	—	Seoul	F	28	82
Algiers	—	—	—	Florence	—	—	—	Manila	—	—	—	Singapore	S	27	81
Amsterdam	S	21	70	Frankfurt	F	26	79	Miami	—	—	—	Stockholm	—	—	—
Athens	S	34	93	Funchal	S	25	79	Milan	S	30	86	Strasbourg	T	22	72
Bahrain	S	37	99	Geneva	S	27	81	Moscow	F	26	79	Sydney	S	17	63
Bangkok	—	—	—	Gibraltar	S	26	79	Munich	S	28	82	Taipei	—	—	—
Barcelona	S	27	81	Guernsey	C	16	61	Nairobi	—	—	—	Tangier	—	—	—
Beirut	F	31	88	Helsinki	S	22	72	Naples	—	—	—	Tehran	—	—	—
Belgrade	S	34	93	H. Kong	C	29	84	New Delhi	—	—	—	Tel Aviv	S	30	86
Berlin	T	21	70	Innsbruck	S	29	84	New York	—	—	—	Tenerife	—	—	—
Biarritz	C	22	72	Inverness	F	15	59	Nice	S	30	86	Tokyo	S	31	88
Blackpool	F	18	64	Istanbul	S	30	86	Oporto	S	20	68	Toronto	—	—	—
Bordeaux	F	22	72	Jersey	F	19	66	Oslo	C	17	63	Tunis	S	33	91
Brussels	F	20	68	Jo'burg	S	23	73	Paris	F	20	68	Valencia	F	29	84
Budapest	S	31	88	Las Palmas	F	27	81	Prague	S	29	84	Venice	—	—	—
B. Aires	—	—	—	Lima	—	—	—	Reykjavik	C	12	54	Vienna	S	31	88
Cairo	—	—	—	Lisbon	S	25	77	Rio de J'o	—	—	—	Warsaw	S	31	88
Cape Town	S	18	64	Locarno	S	27	81	Rome	—	—	—	Zurich	S	28	82
Caracas	—	—	—	London	C	18	64								
Casablanca	—	—	—	Los Angeles	—	—	—								
Copenhagen	F	21	70	Luxembourg	C	22	72								
Corfu	S	30	87	Madrid	S	30	86								
Dublin	R	14	57	Majorca	S	29	84								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Warning of worse violence ahead

Continued from Page 1

only accept an unconditional end to his imprisonment and the right to resume political activities. Mr Botha's speech appeared to rule out such a release offer.

In a measure apparently designed to curb further unrest, the authorities yesterday imposed a 10pm to 4am curfew on the sprawling black township of Soweto, outside Johannesburg and on the troubled townships of the Eastern Cape. At least five people died in violence during thelast 24 hours. Other measures affecting Soweto, Alexandra, also outside Johannesburg, and several townships in the heavily industrialised Vaal and the Eastern Cape, include a ban on all activities on school premises not related to education and a ban on the transport of petrol in containers.

President Botha's speech also seemed likely to encourage the spreading consumer boycott of white-owned shops already under way in Port Elizabeth and elsewhere and which was due to start in Pietermaritzburg yesterday.

Evidence of a further government clampdown came from Mr Louis Le Grange, the minister of law and order.

In a clear reference to Bishop Desmond Tutu, the Bishop of Johannesburg, he said that the actions of people who wished to wear their clerical robes as battle dress would not be tolerated much longer. Government, he said, was seriously considering more stringent measures.

Mr Botha's speech was closely monitored yesterday by diplomats from other Western governments which, led by France, have already moved towards sanctions but would also have welcomed evidence of real change. In the event, it may have intensified rather than allayed their concerns and left President Reagan's policy of constructive engagement under even greater pressure.

FINANCIAL TIMES

Friday August 16 1985

First-half turnover boost for BMW

By Rupert Cornwell in Bonn

BMW, the Munich-based car manufacturer, yesterday reported a sharp rise in first-half output and sales and is expecting a further "satisfactory" result for 1985, after the DM 164.8m ($59.2m) net profit registered last year.

Production and sales rose in the first six months to 234,000 units, corresponding to the effective capacity ceiling of the group. Overall turnover had climbed 25 per cent to DM 7.4bn, Herr Eberhard von Kuenheim, BMW's chief executive, said in a letter to shareholders yesterday.

The increase – distorted by the engineering union strikes which plagued the car industry in the spring of 1984 – was achieved largely as a result of powerful export performance. Sales abroad rose to 155,000 units, equivalent to around two thirds of total output.

In early 1985 demand at home was held down by confusion over the introduction of low-polluting cars and the tax incentives offered to buyers by the Federal Government. But in BMW's case this has been partly made good by a recovery in the second quarter.

Herr von Kuenheim said the improvement boded well for the later stages of the year, and he forecast domestic registrations of BMW cars would reach the 1984 level of 158,000.

Dome Petroleum returns to profit after two years

BY BERNARD SIMON IN TORONTO

DOME PETROLEUM, the debt-laden Canadian energy producer, has posted its first quarterly profit in almost two years, reporting net earnings of C$2m (U.S.$1.4m) in the three months to June 30. The company suffered a C$61m loss in the same period last year, and its cumulative losses since 1982 total C$1.7bn.

Mr Howard MacDonald, chairman, ascribed the turnround to lower foreign-exchange losses, higher gains from asset disposal, cuts in overheads and reduced financing charges. He cautioned, however, that, "given the uncertain nutlook for oil prices, foreign exchange and interest rates, we do not believe our second-quarter results are necessarily indicative of the performance to be expected in the future."

Dome remains burdened by debts of almost C$6bn, run up during an ambitious acquisition spree in the western Canadian energy boom in the late 1970s and early 1980s. The company was on the verge of collapse in 1982 after its takeover of Hudson's Bay Oil and Gas. Dome's creditors earlier this year agreed to reschedule the bulk of its debt.

Second-quarter revenues rose 3 per cent to C$567m, but operating income slipped from C$194m to C$188m. Cash from operations totalled C$226m in the first six months of 1985, up from C$187m a year earlier. Working capital was positive at mid-year.

Dome said the long-term portion of its debt had dropped below C$6bn for the first time since 1981. Since the debt restructuring agreement was concluded, the company has met all commitments to repay principal and interest.

Higher crude-oil prices and natural-gas volumes contributed to a 15 per cent increase in oil and gas operating income in the second quarter to C$144m. Income from natural gas liquids rose by 28 per cent to C$37m, but contract drilling earnings dropped sharply from C$40m to C$7m.

Midland Bank taps market for $500m

By Maggie Urry in London

MIDLAND BANK yesterday came back to the Eurobond market for more primary capital, raising $500m through an issue of perpetual floating-rate notes. These qualify as primary capital under Bank of England guidelines as they can be ranked as preference shares if the bank goes into liquidation.

Midland launched its first issue, for $750m, in May at a time when most of the other major UK banks were also raising capital in this way. This deal comes on the same terms as the first issue, paying interest every six months at a margin of ¼ per cent above London interbank offered rate. The front-end fees are also set at the same level of 65 basis points.

But while the last issue was increased in size, this one is likely to stay at the $500m amount. The issue will increase Midland Bank's free capital ratio to around 6 per cent, in line with the other clearing banks.

Perpetual floaters had been in demand lately and prices had risen by ¼ to ⅜ point over the last week, said FRN traders yesterday. Midland's older issue had been trading around 99.70, and the new one was changing hands around 99.60, well inside the fees.

The floater for Bank of Boston, led by Credit Suisse First Boston, was increased yesterday by $50m to $200m. This continued to trade well within the 75 basis point fees.

In the fixed-rate Eurodollar bond market prices gained ¼ to ⅜ point following the rally in the New York bond market.

In the D-Mark market traders said that the cut in the Bundesbank's interest rates by ½ point and hopes of further cuts helped prices to rise by around ½ point.

In the Swiss franc foreign bond market prices edged firmer despite an announcement by the Swiss National Bank that it will not be following the Bundesbank in cutting interest rates. The SwFr 200m 6¼ per cent issue for Consolidated Press ended its first day of trading at 99¾ compared with the 100¼ issue price.

Crédit Suisse announced a SwFr 50m private placement with equity warrants for Sanken Electric. This matures in 1990, and the yield is indicated at 3½ per cent.

Novo predicts further decline in earnings

BY HILARY BARNES IN COPENHAGEN

NOVO Industri, the Danish insulin and industrial enzymes manufacturer, predicted a decline in full-year profits for the second successive year, as a result of tough competition and the weakening of Novo's key trading currencies.

First-half sales increased by 17.8 per cent from DKr 1.8bn to DKr 2.13bn ($195m) and net profits by 5.6 per cent from DKr 320m to DKr 338m, or from DKr 12.62 to DKr 13.32 a share.

Net income and earnings a share were affected by an increase in corporate income tax from 40 to 50 per cent from January 1 this year.

Pre-tax income increased by 10.2 per cent from DKr 441m to DKr 486m. After increasing rapidly for several years, Novo's net profits in 1984 were down from DKr 704m to DKr 685m. Sales also slowed, rising by 12 per cent to DKr 3.76bn. The main reason for the slowdown was a weakening of enzyme sales.

The interim report said second-quarter earnings were influenced by strong competition and weakening currencies, but the main reason for Novo's caution about full-year earnings was a further weakening of currencies in July and August.

The report said: "If current exchange rates and the competitive situation remain unchanged for the rest of the year, earnings for the full year will be somewhat lower than those achieved in 1984."

Sales of pharmaceuticals continued to pull ahead of enzymes in the first half, but a larger-than-expected delivery of insulin to a major customer could be reflected in lower sales in the second half, said the company. Insulin sales had increased more slowly than expected in some European markets, it said.

Pharmaceutical sales last year totalled DKr 2.1bn compared with DKr 1.6bn for enzymes.

First-half sales of enzymes increased to all major industries, but sales of detergent enzymes lagged behind starch-conversion products.

"Competition remains strong in major markets for both pharmaceutical and enzyme products," the interim report said. "As these pressures could intensify, the company in response continued to increase its allocation of resources to global marketing as well as to research and development."

Novo recently received approval in principle from Danish environmental authorities and the West Zeeland county authority to set up insulin production using gene-splicing techniques. Novo's application has been delayed by the county authority, which was uncertain of its own ability to take a decision on this complex issue. Novo hopes to start production in 1987.

Israeli bank in suspension moves

By Lynne Richardson in Tel Aviv

THE Bank nf Israel has suspended the management of the Nnrth American Bank (NAB) after uncovering discrepancies betweea $3m and $5m.

A team nf investigators under Mrs Galia Maor, examiner of banks at the central bank, revealed a series of errors in transactions at the Jerusalem branch of the NAB, and it was decided to withdraw control entirely from the present management.

The central bank is anxious to prevent collapse of the bank because it wishes to reassure domestic and foreign depositors the Israeli banking system is sound. Since the collapse of the bank's shares on the Tel Aviv Stock Exchange in October 1983, the authorities here have beea at pains to emphasise the stability nf the banking system as a whole and that government authorities will stand behind any bank thet runs into difficulties. Consequently, the Bank of Israel invited the management of First International Bank nf Israet (Fibi), the fifth-ranking bank in the country, to step in.

Mr Moshe Meirav, deputy general manager of Fibi, said that in the first day's trading under the new management "we had a quieter day than most people expected." He attributed this to the fact that the central bank had set up the caretaker management before the scandal broke and, by being seen to be involved, there had been no panic by clients.

The North American is one of the smaller banks in Israel, but the figure involved in the embezzlement may be as much as 5 per cent of the total balance sheet of $100m.

The NAB has done moderately well in the few years it has operated. Its parent company is NAB Holding which is registered in Luxembourg and has more than 52 per cent of the stock.

UK building society to raise £50m

By Our Euromarkets Staff

BRADFORD & Bingley has become the latest UK building society to tap the international market, awarding a long-awaited mandate to Credit Suisse First Boston for a £50m three-year revolving credit.

The society will pay interest at ⅛ point above London interbank offered rates, slightly below the ³⁄₁₆ recently obtained by Leeds Permanent, though the latter was for seven-year money. Under Bradford and Bingley's agreement with CSFB, it does not expect to have to pay reserve asset costs.

Mr Maurice Hallam, general manager, noted that building societies were preparing to issue Eurobonds next year. He said the new facility would help to get the society's name known among international banks in preparation for such a move.

Saudi partnership seeks rescheduling

BY ALEXANDER NICOLL IN LONDON

THE Shobokshi group, a troubled Saudi Arabian family partnership with debts estimated at $400m, yesterday submitted to its creditor banks a debt rescheduling proposal under which payments would be stretched out until the end of 1992.

The diversified group, run by merchants Ali and Fahd Shobokshi, encountered repayment difficulties last year partly as a result of delays in payments from the Saudi Government on construction contracts.

Its biggest creditor is First National Bank of Chicago, which last year announced a surprise loan write-off believed to be partly due to the Saudi exposure. A year ago, Shobokshi appointed Morgan Stanley, the U.S. investment bank, to advise it on rescheduling.

Morgan Stanley said in a statement that the rescheduling proposal had been submitted at a meeting yesterday in London with a bank steering committee.

Shobokshi expected that over the next seven years, its resources would be sufficient to generate the funds needed for repayment. Full repayment of the bank debt may be possible "under certain conditions."

The money was expected to come from the group's continuing operations as well as sales of some assets and investments, Morgan Stanley said. It gave no indication of the banks' response to the proposal.

The Jeddah-based concern's largest company, General Agencies Corporation, conducts much of its business by winning civil engineering contracts from the Saudi Government and sub-letting them.

Frank B. Hall $75m write-off

By Our New York Staff

FRANK B. HALL, the big U.S. insurance broker which last week reshuffled its top management team, is to write off up to $75m on its investment in Jartran, a truck-rental subsidiary which emerged from bankruptcy earlier this year.

The write-off will make a sizeable dent in Frank B. Hall's net worth which at the end of the second quarter was $181m including about $75m in the form of goodwill. The group's investment in Jartran at July 31 was around $98m.

Hall said yesterday that, while it was considering various alternative methods of disposing of Jartran, "there can be no assurance" it would be able to dispose of it as a going concern.

Fairchild Industries suffers sharp loss

BY TERRY DODSWORTH IN NEW YORK

FAIRCHILD Industries, the U.S. aerospace company which is involved in a joint development project with Saab-Scania of Sweden, lost $82.3m, or $6.29 a share, in the second quarter of this year.

The loss, which compares with a profit of $7.3m, or 31 cents a share, in the same period of last year, has forced the company to ask for, and receive, a waiver on certain of its bank commitments. Fairchild blamed the deficit principally on charges made against the Saab-Fairchild 340 airliner and the Air Force T-46A trainer aircraft programmes.

In the first six months of the year losses mounted to $93.4m, or $7.35, against earnings of $15.9m, or 71 cents, in the same period of 1984. Sales slipped in the six-month period to $381m from $392m and in the second quarter were down marginally to $196.8m from $197.4m.

The extra reserves made for the $1bn 340 project, a 35-seat twin turboprop airliner, amounted to $85m. These were due to a shortfall in estimates of future manufacturing performance improvements and increases in the cost of materials, subsystems and components.

A further $21m was also added to the reserves established for the T-46A project. The company said that additional engineering and ground testing on the prototype aircraft, the resulting schedule slippage and higher manufacturing costs had contributed to a substantially higher estimate of cost to complete the first phase of the programme.

Fairchild added that, following its worsening financial position, it had received a waiver until September 15 from compliance with certain financial covenants in its bank agreements. Discussion with the bank group on amendments to the agreement were continuing, the company added.

In the meantime, Fairchild has announced plans to sell its 50 per cent stake in American Satellite and Space Communications to its partner, Continental Telecom, for $105m. It also plans to recapture $45m from the overfunded element of its pension plan.

Greyhound cuts back as bus slump bites

BY OUR NEW YORK STAFF

GREYHOUND Corporation, the Phoenix-based conglomerate, has announced major cuts in the size of Greyhound Lines, the world's largest intercity bus service, in an effort to counter the slump in its business which is being caused by competition from deregulated operators and cut-price airlines.

Mr John Teets, Greyhound's chairman, yesterday unveiled a three-part programme which will restructure the Greyhound facilities "to a level consistent with the current competitive and economic climate in the intercity bus industry." "When complete Greyhound Lines will yield our target of a minimum 15 per cent return on equity," he says.

The first stage, announced yesterday, is a 30 per cent cut in Greyhound Lines' management staff. Some 400 management and supervisory posts will be cut through a combination of early retirement and job elimination. The reduction will be completed by the end of September. These cuts in the management size will be followed by a reduction of 1,500 jobs among Greyhound's rank and file workers.

The company says that Greyhound Lines, as presently structured and staffed, was designed to service the 64m passengers a year it carried back in the 1960s. Today's passenger count is about 34m "and the system must contract to a level appropriate to that revenue base."

The second phase consists of cutting back the company's 127 terminals across the country. Phase three calls for a study of the desirability of closing down segments of Greyhound's route system where low passenger traffic has resulted for many years in chronic losses, despite massive infusions of cash for advertising, marketing and promotion.

Greyhound currently operates some 90,000 route miles and serves over 14,000 locations. The company plans to have completed its restructuring by the end of the year. In 1983, the company suffered a major strike and was finally able to force through wage cuts of 15 per cent, but despite these concessions Greyhound lines lost money last year.

Mr Teets said in the company's last annual report that "the U.S. intercity bus industry as it has been known for 40 years is gone forever."

Third-quarter rise for Int'l Harvester

BY WILLIAM HALL IN NEW YORK

INTERNATIONAL HARVESTER, whose workforce has shrunk by more than half following the recent sale of its agricultural equipment business, increased its net income from continuing operations in its third quarter by 61 per cent to $29m.

Sales in the latest three months totalled $885m which is marginally up on the $864m in the third quarter of last year.

In the latest quarter a tax credit of $25m resulted in total net income of $54m, or 39 cents a share, compared with a loss of $7m in the same quarter when the figures were distorted by a $46m loss on discontinued activity offset by $21m extraordinary credit.

Mr Donald Lenox, International Havester's chief executive, says that he expects the final-quarter sales to be about the same as in the third quarter of the current financial year. Third-quarter industry sales of medium duty trucks were about equal to last year's and are projected to continue at about the same levels for the balance of the year. However, heavy duty truck demand declined in the latest three months and based on current order trends is expected to fall below last year's level in the final quarter.

In the first nine months of its financial year to end July, International Harvester earned $82m, or 56 cents a share, from its continuing operations. This compares with earnings of $44m, or 27 cents, in the same period last year.

In the latest nine months, a loss from discontinued operations of $576m less a tax benefit of $73m made a final loss of $421m. In the same period last year the company lost $63m.

First Bank System in major branch disposal

BY WILLIAM HALL IN NEW YORK

FIRST Bank System, the Minneapolis-based bank holding company, has put up for sale more than a third of the banks in its network which sprawls across five states in the upper Mid-West.

The 14th biggest U.S. banking group's decision to pull out of many of the smaller rural communities it serves in Minnesota, North and South Dakota, and Montana reflects its view that these communities can be better served by local community banks which do not have to carry the heavy overheads of a big regional bank.

Many of the banks which have been put up for sale are heavy lenders to the depressed U.S. farm industry, but the group said yesterday this was not a consideration in the planned sale.

First Bank System says it plans to restructure its banking assets by offering employees the chance to buy 28 of its regional division banks with 45 offices. These banks account for only 8 per cent of First Bank System's total assets of $22bn.

The 28 banks are heavily involved in agricultural lending, accounting for $415m – more than half First Bank System's farm lending.

At end 1984 the 28 banks had assets of $1.76bn and deposits of $1.55bn, or 11 per cent of First Bank System's total. The banks had combined earnings of $1.63m or 1 per cent of the group's earnings.

INTL. COMPANIES

Leighton profits fall 35%

LEIGHTON Holdings, the Australian construction group in which Hochtief of West Germany has a 40 per cent shareholding, reports a steep decline in profits for the year ended June 1985.

Net earnings have fallen by 35 per cent to A$13m (U.S.$9.3m) following a move into the red in the U.S. and problems with a number of local contracts. Leighton said the Australian building industry was severely depressed.

The lower results fly in the face of earlier forecasts from the company. In February, when unveiling higher interim profits, Leighton was relatively optimistic about full-year results.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for August 15.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex Credit 10⅞ 90	100	101⅝	101⅞	+0⅜	+0⅜	10.46
Amex Credit 12⅜ 89	150	106	106½	+0⅜	+0½	10.38
Atlant Richfld 10¼ 00	250	94⅛	94⅝	+0⅜	+1⅜	11.03
BP Capital 11⅛ 92	150	101⅝	102⅛	+0¼	+0¼	10.58
Canada 11½ 90	500	104¾	105¼	+0⅜	+0½	10.05
Canadian Pac 10¼ 88	100	100⅜	100⅞	+0½	+0⅝	10.01
Canadian Pac 12½ 99	75	106⅝	107⅛	+0¼	+0¼	11.46
CBS Inc 11⅜ 92	100	103	103½	+0½	+2	10.69
Chevron U.S.A. 12¼ 89	600	104⅝	105⅛	+0¼	+0½	10.71
Citicorp 11½ 95	150	101⅝	102⅛	+0⅛	+0⅞	11.36
Coca Cola 11¾ 91	100	107¼	107¾	+0⅜	+0¾	10.04
Denmark Kingdom 11¼ 89	100	102¼	102¾	+0½	+0½	10.37
Denmark Kingdom 11½ 90	100	103¼	103¾	+0½	+0¾	10.50
Denmark Kingdom 11½ 92	100	103	103½	+0⅜	+1⅝	10.75
Denmark Kingdom 13¼ 91	100	110½	111	+0½	+1⅜	10.75
E.D.F. 10 99	225	95	95½	+0½	+0¾	10.66
E.E.C. 11⅛ 90	100	102¾	103¼	+0½	+0⅝	10.22
E.I.B. 12 95	200	106¼	106¾	+0½	+1½	10.88
E.I.B. 13 95	200	109⅝	110⅛	−0¼	−0¼	11.38
Export Dev Corp 10 90	100	99⅜	99⅞	+0⅜	+0⅞	10.08
Export Dev Corp 12 89	100	105⅝	106⅛	+0½	+0½	10.19
Fed Dep Stores 10⅞ 95	100	95¾	96¼	+0⅜	+1⅜	10.79
Ford Motor Cred 11⅜ 90	100	102¼	102¾	+0⅜	+0½	10.61
Ford Motor Cred 11⅜ 95	100	101⅝	102⅛	+0⅜	+0⅜	11.27
Ford Motor Cred 11¾ 92	100	102⅜	102⅞	+0⅜	+0⅞	11.15
Ford Motor Cred 12 95	100	104	104½	+0½	+1⅛	11.22
Gen Elec Credit 10¼ 90	200	100¼	100¾	+0¼	+0⅛	10.17
GMAC 10¼ 89	200	100⅜	100⅞	+0¼	+0¼	10.02
IBM Credit 10⅜ 2000	300	101⅛	101⅝	−0⅛	+0⅛	10.17
Japan Air Lines 12⅜ 94	100	116⅜	116⅞	+0¼	+0⅜	10.43
Kellogg Company 10⅞ 90	100	102	102½	+0⅜	+0¾	10.18
Kellogg Company 11¼ 92	100	103¼	103¾	+0½	+1	10.44
L.T.C.B. 12⅞ 91	100	108⅛	108⅝	+0½	+1⅛	10.71
Macy Cred Corp 11¾ 95	100	103⅜	103⅞	+0¼	+0¾	11.08
Mellon Bank 13 87	100	105⅝	106⅛	+0⅜	+0⅜	9.61
Merrill Lynch 12¾ 89	100	105⅜	105⅞	+0⅛	+0⅜	10.86
Minnesota 11⅛ 87	100	103¼	103¾	+0¼	+0⅜	9.08
Mitsui Trust 11⅜ 90	100	102⅜	102⅞	+0⅛	+1⅜	10.68
Morgan Guaranty 12⅜ 89	150	106	106½	+0⅜	+0⅜	10.42
Penney J.C. 12¾ 91	100	107¾	108¼	+0¼	+1⅞	10.88
Pru Realty secs 12⅜ 95	548	105½	106	+0⅛	+0½	11.40
Qantas Airways 10⅜ 95	140	99	99½	+0⅜	+0⅞	10.56
Quebec Hydro 11½ 92	100	103¼	103¾	+0⅛	+0¼	10.76
Queensland Govt 10¼ 90	100	96⅝	97⅛	+0⅛	+0⅜	10.78
Ralston Purina 11¾ 95	150	103¾	104¼	+0⅜	+1	11.04
Ralston Purina 12¾ 89	100	107¼	107¾	+0⅜	+1	10.41
Saskatchewan 10¾ 92	100	100⅝	101⅛	+0⅛	+0⅜	10.53
Saskatchewan 11⅞ 89	100	105	105½	+0⅜	+0⅜	10.36
S Wales Tsy 11¼ 90	150	104⅝	105⅛	+0¼	+0⅜	10.26
Swed Exp Cred 10 92	100	97⅛	97⅝	+0⅜	+0⅜	10.54
Swed Exp Cred 12¾ 89XW	100	106⅝	107⅛	+0⅛	+0¼	10.57
Sweden Kingdom 10⅞ 90	200	101⅝	102⅛	+0⅛	+0½	10.50
Sweden Kingdom 11½ 89	200	103⅞	104⅜	+0¼	+0⅜	10.24
Sweden Kingdom 11¾ 94	100	104⅜	104⅞	+0⅜	+0¾	10.91
Tenneco Corp 10¾ 95	150	99⅞	100⅜	+0⅛	+1	10.72
Texaco Capital 11⅛ 95	250	100½	101	+0⅝	+0¾	10.95
Texaco Capital 12¾ 87	300	105⅜	105⅞	+0¼	+0¼	9.70
Tokai Asia 11½ 95	100	101⅜	101⅞	+0⅛	−0¼	11.18
Victorian Rep 11½ 92	150	103¾	104¼	+0¼	+0¾	10.73
World Bank 12¼ 94	150	107⅜	107⅞	+0¼	+1¼	10.97
World Bank 12⅞ 94	200	110⅞	111⅜	+0¼	+1	10.88

Average price change On day +0⅜ on week +0⅝

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bank 8 94	200	107⅛	107⅞	+1	+1	6.86
Austria Republic 7⅜ 94	200	104½	105¼	0	−0½	6.65
Baxter Travenol 7¼ 94	200	102⅝	103⅜	0	0	6.77
Copenhagen 7⅜ 95	130	101⅜	102⅛	+0⅛	0	7.11
Credit National 8⅜ 94	200	106⅞	107⅝	+0¼	+1	6.96
E.I.B. 7¼ 94	300	102¼	103	+0¼	+0¼	6.85
Escom 8 92	150	95⅝	96⅜	0	+0¼	8.86
Ex-Im Bk Korea 7⅜ 90	100	99⅝	100⅜	−0¼	−0½	7.40
Ferrovie Dello Stato 8 91	100	104⅞	105⅝	+0¼	0	6.93
Finland Republic 7 92	200	101⅛	101⅞	+0½	0	6.66
Gould Int Fin 7⅜ 91	100	104⅝	105⅜	0	+0¼	6.54
Ireland 8⅛ 92	150	105¼	106	+0⅛	0	7.04
Japan Fin Corp 7⅜ 91	100	104⅜	105⅛	+0⅞	+0⅜	6.62
Mitsubishi Hvy 3½ 89WW	300	131½	132½	+1⅛	+1⅜	−4.43
Mitsubishi Hvy 3½ 89XW	300	92⅜	93⅛	+0⅛	+0¼	5.70
Mitsubishi Met 3⅛ 89WW	100	104½	105¾	+0¼	−0¼	1.88
Mitsubishi Met 3⅛ 89XW	100	89¾	90½	+0½	+1⅛	5.75
Quebec Hydro 7⅜ 95	200	102⅛	102⅝	0	+0⅛	6.78
Renfe 7¾ 93	100	103¾	104¼	0	0	7.16
Renown 3⅛ 90	80	106	107	+0½	+0¾	1.72
Soc Cent Nucleer 7¾ 95	150	100⅞	101⅝	+0¼	+0¼	7.87
Societe Cent Nucleair 8 91	100	107⅝	108⅜	0	+0½	6.92
Sth African Tran 7⅛ 92	100	94⅜	95⅛	+0⅞	+0¼	8.82
World Bank 7¼ 88	100	103⅛	103⅞	0	+0⅛	5.98
World Bank 8 94	200	107⅛	107⅞	+0½	+0¾	6.80

Average price change On day +0¼ on week +0⅜

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev Bk 6¼ 94	100	†101½	101¾	+0⅜	+0¼	6.07
Avon Cap Corp 5⅜ 94	130	†99	99¼	0	0	5.49
Brit land Corp 6½ 99	75	†103¼	103½	0	+0¼	6.13
Council of Europe 6 92	120	†102¾	103	0	+1¼	5.50
Creditanstalt 5½ 94	100	†99½	99¾	0	+0¼	5.80
Deutsche Bk Fin 5⅜ 95	100	†101	101¼	+0⅛	0	5.22
E.I.B. 5⅞ 94	120	†101¼	101½	−0¼	+0⅛	5.68
Export Dev Corp 5⅜ 92	125	†101	101¼	−0½	−0½	5.18
Gen Occidentale 4½ 94	80	†103½	103¾	+0¼	+0⅛	4.02
I C Industries 5⅜ 94	125	†100	100¼	0	0	5.60
Ind Fund Fin 5¾ 94	40	†100⅛	100¾	0	+0½	5.65
Int-Am Dev Bk 5⅝ 94	120	†103	103¼	+0½	+0½	5.06
N.Zealand steel 5¾ 95	70	†99¼	99⅝	+0¼	+0¾	5.82
Oberos Kbwk 5⅜ 95	100	†99¼	99½	0	0	6.00
Ralston Purina 5⅜ 94	125	†100	101¼	0	+0½	5.21
Santos Finance Ltd 6 94	130	†98	98¼	0	+0¼	6.22
Tokyo Elec Pwr 5½ 93	120	†99½	99¾	0	0	5.73
Tokyo Metropolis 5¼ 94	80	†99¾	100	+0⅛	+0¼	5.40
World Bk 5¾ 94	150	†101	101¼	−0¼	−0¼	5.50

Average price change On day 0 on week +0¼

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Finland Republic 6¾ 90	15	100¼	100¾	+0⅛	+0¼	6.61
Gdyr Tr & Rubber 7⅛ 99	25	99⅞	[illegible]	0	+0¼	7.25
Mort Bk Denmark 7 92	10	100¼	100¾	+0⅛	+0⅛	6.90
New Brunswick 7⅛ 95	10	101⅛	102	+0¼	+0⅛	6.87
World Bank 6⅝ 90	25	100½	101	+0⅛	+0⅛	6.42

Average price change On day +0⅛ on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia Com 12½ 90$A	125	102¼	103¼	−0⅛	0	12.09
Citicorp Aust 13½ 88$A	40	101	101¾	−0¼	0	12.87
CSR Finance 13¼ 90 $A	40	100¼	101	−0⅛	+0¼	13.05
Nissho Iwai 13¾ 90 $A	30	99⅞	100⅝	−0½	−0⅛	13.15
Amex 10¾ 90 C$	50	100¾	101¼	0	+0⅜	10.46
Genstar Fin 11½ 95 C$	75	98⅛	98⅝	+0⅛	+0¾	12.05
Hamil-Wenth 10¾ 93C$	25	†98⅝	99⅛	+0⅛	+0⅜	11.46
Loblaw Cos 11½ 92 C$	50	†99⅞	100⅜	+0⅛	+0⅜	11.58
New Brunswick 11⅜ 95C$	75	†101	101½	+0¼	+1	11.38
Shell Canada 11¼ 92 C$	75	100⅜	100⅞	−0⅛	+0⅜	11.11
Winnipeg City 10⅜ 90C$	50	99	99½	+0⅛	+0¼	10.82
BP Capital 16 88 NZ$	50	†99½	99½	+0½	−0¼	16.43
Danish Ex Fin 16⅝ 90NZ$	40	†95⅞	96⅞	+0⅜	+0⅜	17.24
KB Kosa 16⅛ 90NZ$	50	†97¾	98¾	−0⅛	+0⅜	16.88
C.N.T 9¾ 92 ECU	75	*106⅝	107⅜	+0⅛	+1	8.33
C.N.T 9⅞ 95 ECU	75	*104⅝	105⅛	+0⅜	+1	9.18
Eurofima 9⅝ 93 ECU	50	*105	105¾	+0⅛	+0⅛	8.38
Eurofima 7½ 92 FL	50	104⅞	105⅜	+0¼	+1⅛	6.62
Philips Lamps 7½ 90 FL	100	104⅜	105¼	+0⅛	+1⅜	6.28
Rank Xerox 8 90 FL	100	104¾	105¼	0	−0⅜	6.71
Van Lanschot 7½ 90FL	50	102½	103	0	−0⅛	6.88
World Bank 7½ 90 FL	150	104⅛	104⅝	+0⅛	+0¾	6.39
IBM France 11⅛ 90 FF	700	†*99⅝	100⅛	−0½	+0¼	11.14
Amex Express 11⅝ 92 £	30	102⅜	102⅞	0	−0¾	10.77
Australia Comm 11 92 £	40	99⅜	99⅞	0	+0⅜	11.05
BP Capital 10¾ 92 £	50	99½	100	0	+0⅛	11.90
E.I.B. 11⅛ 93 £	50	100¼	100¾	0	+0⅜	11.00
GMAC UK Fin 10½ 90 £	30	99½	100	+0⅛	+0¼	10.82
Imp Chem Inds 11¼ 95 £	75	100¼	100¾	0	+0¼	11.16
Inco 12¾ 93 £	50	102	102½	0	+0½	12.33
Mcdonalds 10⅜ 90 £	40	99¼	99¾	0	+0¼	10.56
Privatbanken 11⅞ 92 £	20	100	100½	0	+0½	11.79
Rank Xerox 11 92 £	40	99	99½	0	+0⅛	11.14
Royal Trustco 11⅝ 90 £	30	100⅛	100⅝	+0⅛	+0⅜	11.23
Star Drug Cap 10⅞ 90 £	30	99⅛	99⅝	0	+0¼	11.02
Tricentrol XW 11 92 £	35	94⅞	95⅜	+0⅛	+0⅝	12.07
Trusthouse Forte 11¼ 90£	50	99⅛	99⅝	0	+0¼	11.27
World Bank 11¼ 95 £	100	102⅛	103	+0⅛	+0⅛	10.76
E.C.S.C. 10½ 94 LF	100	*102⅞	103⅞	+0⅛	−0⅛	9.91
Nat Lux Alum 10½ 92 LF	600	*104½	105½	−0¼	−0½	9.46

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Banco di Roma 5¼ 92	0	99⅜	99⅝	24/7	7.50	7.58
BankAmerica O/S 5¼ 96	0¼	99¾	100¼	3/9	8⅛	8.13
Bank of Montreal 5 98	0⅛	100⅝	100⅞	29/7	8¾	8.68
Bankers Trust 5 2000	0	99⅜	99⅞	11/9	7.38	7.31
Bankers Trust 5¼ 95	0⅛	100⅛	100⅜	13/9	8.88	8.84
B.F.C.E. 5¼ 98	0¼	100¼	100½	13/3	10.06	10.02
B.N.P. 5¼ 95 (July)	0¼	100	100¼	26/7	8⅛	8.11
C.C.F. 5¼ 97	0	99⅞	100⅜	22/9	10⅝	10.61
Chase Man'tn 5 2000	0	99⅝	100⅛	9/9	8⅝	8.64
Chase Man'tn 5¼ 2009	0¼	99¾	100¼	5/9	7.81	7.81
Citicorp O/S 5¼ 95 Sep	0⅛	99⅝	100⅛	19/12	11.38	11.28
Credit Lyonnais 5¼ 98	0⅛	100⅜	100⅞	11/10	9.88	9.82
Ireland 5¼ 97	0	100⅛	100⅝	28/10	9.69	9.65
Ireland 5¼ 99	0	100⅛	100⅜	14/8	10	9.98
Italy, Republic 5 94	0⅛	100	100⅛	12/11	9⅝	9.65
Lloyds Bank 5¼ Perp	0¼	98⅞	100⅛	8/12	8	7.96
Midland Bank Perp 5	0¼	99⅝	100⅛	19/12	9⅛	9.14
Nat West Perp 6	0⅛	101¼	101½	23/10	9⅛	9.09
Nat West Perp A 5¼ $	0¼	99⅜	99⅞	3/1	8¼	8.26
Nat West Perp B 5¼ $	0¼	99½	100	5/8	8¼	8.25
Queensland Coal 5¼ 96	0¼	100⅜	100⅝	12/11	9	8.98
Roy Bk Canada 5 2005	0⅛	99⅜	99⅞	5/8	7⅞	7.90
Roy Bk Scot 5¼ 2005 £	0	99⅛	99⅜	2/9	12.81	12.94
Sweden Perp 5¼	0¼	100	100¼	8/1	8.31	8.30
Tokai 5¼ 90	0¼	100¼	100¾	12/12	8⅛	8.08

Average price change On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 3 99	4/84	1053.64	111¼	112¼	+0¾	7.16
Fanuc 3¾ 98	1/84	7032.3	147	148	−0¼	37.86
Fujitsu 3 99	5/84	1320.9	90	91	−0½	18.56
Kumagai Gumi 3½ 2000	3/85	600	149⅜	150⅜	+0½	9.34
Marui 3½ 99	7/84	1162	120⅝	121⅝	+0⅜	8.88
Mitsubishi Elec 2⅞ 00	3/85	422	91⅜	92⅜	0	−0.22
Murata 3½ 98	2/84	2351.2	84⅞	85⅞	−2	38.43
Murata 3½ 2000	7/84	2398	83½	84½	−2⅛	38.39
Nippon Elec 2⅞ 2000	1/85	1295	83⅛	84⅛	−0½	38.75
Nippon Oil Co 3 2000	5/85	923	102⅞	103⅞	0	8.81
Nippon Oil Co 3¼ 99	3/84	1052	103	104	0	30.41
Oki Elec Ind 3½ 99	10/84	805	86⅛	87⅛	0	34.06
Orient Leasing 3¼ 99	6/83	2680	96	96¾	−0⅜	−0.27
Sekisui House 3 99	6/84	812	138½	139½	+5⅞	3.24
Sony Corp 2 2000	5/85	4578	96⅜	[illegible]	−1	3.85
Sumitomo Corp 2⅞ 99	5/84	593	119⅛	120⅛	+2⅜	8.31
Taiyo Yuden 3¼ 2000	3/85	1076	86	87¼	−0⅜	−2.87
Takeda Riken 3⅛ 2000	10/84	7683	†78	80	0	37.09
Tokyo Sanyo Elec 3½ 99	12/84	772	96¾	97¾	+0⅜	4.22
Toshiba Ceramics 3 2000	4/85	1734.2	85½	86½	+1	18.99
Nippon Oil Co 2⅜ 92 SF	3/84	1052	†105	106¼	−0¼	30.28
Nippon Shinpan Co 2 92 SF	3/84	801	†98	99¼	−0⅛	78.34
Asics 5 92 DM	12/83	520	106¼	107¼	0	[illegible]
Sum Realty 0¼ 92 DM	2/83	336	200⅜	202⅛	+13¾	1.36

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week — Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. dte — Date next coupon becomes effective. Spread — Margin above six-month offered rate (‡ three month; § above mean rate) for U.S. dollars. C.cpn — current coupon. Cr. yld — current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day — Change on day. Cnv. date — First date for conversion into shares. Cnv. price — Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem — Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

U.S. Quarterly Results

ANDERSON CLAYTON
Foods

Fourth quarter	1984-85 $	1983-84 $
Revenue	435.2m	416.4m
Net profits	2.49m	667,000
Net per share	0.28	0.06
Year		
Revenue	1.62bn	1.68bn
Net profits	16.5m	38.8m
Net per share	1.28	3.11

DRESSER INDUSTRIES
Energy industry products

Third quarter	1984-85 $	1983-84 $
Revenue	1.06bn	943.9m
Net profits	14m	26.8m
Net per share	0.15	0.35
Nine months		
Revenue	3.02bn	2.85bn
Net profits	52.6m	80m
Net per share	0.60	0.75

More results on Page 27

HARRIS
Electronics

Fourth quarter	1984-85 $	1983-84 $
Revenue	610.4m	588.5m
Net profits	16.1m	22.9m
Net per share	0.40	0.60
Year		
Revenue	2.25bn	1.99bn
Net profits	90.3m	88.4m
Net per share	2.30	2.02

OGDEN
Industrial products, services

Second quarter	1985 $	1984 $
Revenue	300m	218.8m
Op. net profits	8.9m	10.4m
Op. net per share	0.46	0.54
Six months		
Revenue	582.3m	433.1m
Op. net profits	20.3m	18.2m
Op. net per share	1.05	0.94

SCM
Coatings, foods, paper

Fourth quarter	1984-85 $	1983-84 $
Revenue	588.6m	536.4m
Net profits	21.2m	15.9m
Net per share	2.13	1.61
Year		
Revenue	2.17bn	1.98bn
Net profits	41.6m	41.7m
Net per share	4.20	4.24

KLM earnings up 29% despite labour stoppages

BY LAURA RAUN IN AMSTERDAM

WORK STOPPAGES by the Amsterdam airport's air-traffic controllers dented first quarter earnings of KLM Royal Dutch Airline, but the air carrier still reported a 29 per cent higher profit of Fl 115.1m ($36.7m) compared with a year earlier.

KLM said yesterday that the labour action in April and May, sparked by a pay dispute, eroded both net income and traffic figures in the quarter ended June 30. Freight traffic, for example, edged up only 1 per cent compared with 14 per cent for all of last year, and the load factor—the number of seats filled out of the total available—slipped to 67.7 per cent from 68.7 per cent in the year-earlier period. The load factor shrinkage, however, also was due to greeter carrying capacity.

After posting record earnings and load factor for the year ended March 30, 1985, KLM warned that its break-even point for seat occupation had reached such a high level that the airline was "vulnerable." Mr Sergio Orlandini, president director of KLM, was angry enough about the union disruptions to threaten to file suit against the air-traffic controllers, but the dispute subsequently has been settled.

The Dutch national airline said revenue rose 15 per cent to Fl 1.56bn in the first quarter, with traffic income growing more slowly than other income. Operating income nevertheless surged 57 per cent to Fl 122.8m.

Foreign exchange losses leaped to Fl 25.2m from Fl 1.3m a year earlier as KLM struggled te match its dollar-dominated income and costs. A strong dellar tends to undermine KLM's results and the airline recently has sought to increase dollar revenue by stepping up advance bookings in the U.S.

Investors responded fevourably to KLM's results despite its grumbling about labour disruptions, lifting the share price nearly Fl 3 to Fl 61.90 on the Amsterdam stock exchange. Analysts expect the carrier's revenues to continue to outpace costs despite an ambitious investment programme that includes a fleet of new aircraft and catering and freight facilities.

● In a separate development, KLM has reacted with restrained anger to the Dutch Transportation Minister's decision to grant Air Holland, a new charter airline, landing rights at Amsterdam's Schiphol Airport sooner than originally planned. Minister Neelie Smit-Kroes previously limited Air Helland only to regional airports, although the fledgling carrier had found e loophele in the regulations allewing it to use Schiphol.

Mrs Smit-Kroes now has said Air Holland may begin landing et Schiphol from Octeber 1. KLM, with two charter subsidiaries if its own, called her decision "contradictory." The Dutch national airline would prefer no more competition but some travel agencies want to see Air Holland succeed so as to stimulate cheaper air fares.

Minebea woos Sankyo Seiki

By Yoko Shibata in Tokyo

MINEBEA, Japan's leading ball bearing prodneer, proposes a merger with Sankyo Seiki Manufacturing, a precision instruments maker in which it has built up a share stake of around 19 per cent.

Shares in both companies were suspended on the Tokyo Stock Exchange yesterday. Securities industry officials say they expect any move by Minebea te be resisted by Sankyo Seiki, in which case a rare Japanese takeover tussle could ensue.

Late last menth, Minebea proposed the merger to Mr Rokuichi Yamada, Sankyo Seiki's president, but Mr Yamada turned down the proposal, said Minebea.

At present Minebea is not considering "hostile er fercible measures" to realise the merger, but it has not totally ruled out the possibility of a takeever bid.

Sankyo Seiko, having come out through a period of business difficulties, has been successfully diversifying in recent years into precisien robots and magnetic heads.

In recent years Minebea has turned itself inte an aggressive multinational, diversifying through the strategic acquisition of companies possessing technologies and manufacturing capabilities.

Contested takeover bids are frowned upon in Japanese business circles and are virtually unknown in Japan. However, many highly liquid Japanese corporations are new thought to be actively seeking bid candidates.

Air-India profits slide by 22%

BY R. C. MURTHY IN BOMBAY

PROFITS of Air-India, India's troubled national carrier, fell 22 per cent to Rs 446.9m ($37.1m) in the year ended March. The airline, which lost one of its jumbos, "Kanishka" over the Atlantic two months ago, is unlikely to be in the red this year. Profits are projected to fall another 22 per cent to Rs 350m, says Capt Dhruba Bose, managing director.

The airline may have te foot the cost of salvaging the jumbo wreckage from the floor of the Atlantic and will have to provide for enhanced security at its stations worldwide. Passenger traffic has dropped but airline officials have not yet quantified the fall.

The drop in profits lest year from the record Rs 573.9m in 1983-84 was due to a levelling-off of traffic on the Gulf sector, which has been the mainstay of Air-India profits, and the large-scale cancellations of tour groups from Europe and North America after the assassination of Prime Minister Indira Gandhi last October.

Air-India streamlined its operations, chopping unecenomic routes and services on the Australian and African sectors have been reduced. Total capacity dropped to 1.96bn available tenne km last year from 2.02bn ATKM in 1983-84.

Total revenue improved by 7.8 per cent to Rs 8.54bn last year, from Rs 7.92bn, but total expenses rose faster (10.2 per cent) than revenue growth.

Capt Bose says the growth in expenditure was checked in the last quarter and the yield on traffic has increased 13.9 per eent, against a 5 per eent drop in April-June 1984. But for unforeseen expenses over the past two months, the airline would have maintained its profits et last year's level.

Slow start for new KLSE trading system

By Wong Sulong in Kuala Lumpur

INVESTORS traded cautiously on the Kuala Lumpur Stock Exchange (KLSE) at the launch of a system of trading which extends the settlement period for contracts to 20 days from eight.

The system is similar to that used by the Singapore Stock Exchange. KLSE members approved the extended settlement periods last month.

The move is the latest in a series of measures taken by both the KLSE and the Malaysian Government to boost stock market activity. The KLSE industrial index is currently languishing at around 470 points compared with a high of 680 points 18 months ago.

Lepanto Mining dives into red

BY LEO GONZAGA IN MANILA

LEPANTO Consolidated Mining incurred a net loss of Pesos 14.12m ($18.6m) for the first half of 1985, compared with net income of Pesos 33.59m in the corresponding period last year.

Mr Carlos Palanca, chairman and chief executive, attributed the reversal mainly to low metals prices and high production costs. The average price of copper exported by Lepanto dropped to 61 U.S. cents from 65 cents per pound, gold fell to US$322.27 from US$380.31 per ounce, and silver dipped to US$6.61 from US$8.84 per ounce.

Following the peso devaluation in June last year, Lepanto and other local miners got more local currency revenues from their export earnings, but production costs went up sharply. Other costs also rose.

Meanwhile, creditors of Acoje Mining, the financially-troubled chromite producer, have accepted a proposed rehabilitation programme. Acoje will assign to the creditors all its mining and operating rights as additional security for repayment of its liabilities.

The following local creditors are involved: Philippine Commercial and International Bank (pesos 10.32m), Private Development Corporation of the Philippines (pesos 8.38m), International Corporate Bank (pesos 6.75m), and Usiphil (pesos 2.55m). The lone foreign creditor is International Finance Corporation, a World Bank affiliate, its exposure in Acoje amounts to pesos 1.51m.

The mining company also owes Austria's Voest Alphine abont US$665,000.

Good first half for Prudential South Africa

BY JIM JONES IN JOHANNESBURG

PRUDENTIAL Assurance of South Africa, 65 per cent-owned by the UK group, increased the number of new policies written by almost one-fifth in the first half of this year, and is optimistic that there will be further growth during the second half.

Nevertheless, life premium income slipped to R83.1m ($36.8m) in the six months to June 30 from R84.4m in the first half of 1984 as a sharp decline in income from single premiums outweighed an increase in annual premiums. First-half investment income rose to R58.6m from R55.7m.

The company has transferred R2.8m to shareholders from the life business surplus against R1.95m in the first balf of last year. Life premium income totalled R150.6m fer the whole of 1984, investment income was R110.9m and R5.87m accrued to shareholders from life surplus.

First-half earnings rose to 12.7 cents a share from 8.6 cents and the interim dividend has been raised to 7.5 cents a share from 6.5 cents. Earnings were 22.6 cents in 1984 as a whole and a total dividend of 16.5 cents was paid.

● Tedelex, the troubled South African electrical appliances manufacturer and distributor, extended its losses during the first half of this year, but expects an improvement in 1986 following a capital restructuring.

A sharp reduction in consumer demand gave rise to a 14 per cent drop in turnover to R182.3m from R212.3m in the corresponding six months of 1984. Trading profit before finance charges and tax fell to R7.17m from R21.28m and the first-half pre-tax loss was almost four times higher at R23.23m.

In the 18 months ended December 1984, turnover was R698.9m, trading profit R74.44m and the pre-tax loss R63.77m.

The company has now covered forward most of its foreign exchange exposure to avoid the risk of foreign exchange losses whieh last year eliminated almost the entire share capital. However, interest charges increased considerably as Tedelex borrowed to cover its foreign exchanga commitments.

● Kersaf Investments, the Bantustan casino, botels and resorts operator, exceeded by 7 per cent the annual earnings forecast at the interim stage. Revenue from operations was R396.2m in the year to June and the operating profit before interest and tax was R89.6m. Pre-tax profit totalled R80.6m. Comparative figures are not disclosed as Kersaf has only existed in its present form since last year's restructuring of the South African botel industry.

Mr Dick Goss, the chairman, says that though South African hotel occupancy rates have dropped by about 6 per cent as a result of the recession, those of Sun Hotels International, Kersaf's hotel arm, fell by only 2 per cent to 67.5 per cent. Mr Goss says that the casino industry has shown remarkable resilience in the face of civil unrest in South Africa and the fall in the value of the rand. He believes that Kersaf will increase its profits in the current financial year.

Royal Insurance £18m in loss at six months

DESPITE A slight improvement in the second quarter, Royal Insurance ran up a pre-tax loss of £17.8m in the first half of 1985.

Market analysts were looking for losses of between £10m and £20m, compared with the loss of £1.9m incurred for the first six months of the previous year.

A second quarter pre-tax profit of £19.5m, an improvement of £1m on the second quarter last year, failed to cover the disastrous first quarter loss of £37.3m.

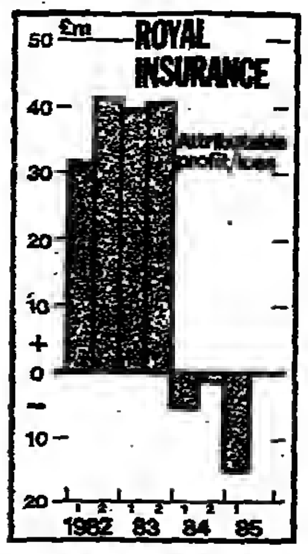
After a tax and minorities credit of £2.9m, the net loss for the half year was £14.9m — three times the loss of £5m for the corresponding period last year.

However Royal, a leading composite insurance group, is lifting its interim dividend by 5.1 per cent from 8.75p to 9.20p. Mr Alan Horsford, Royal's chief executive, said the decision of maintaining the policy of progressive dividend increases was taken on the evidence of the future prospects for profitability and the continued strength of the balance sheet.

General insurance premium income worldwide rose by 32 per cent in sterling terms, from £1.06bn to £1.4bn, with an underlying growth rate, allowing for exchange rate fluctuations, of 20 per cent.

Investment income over the period rose by 22.8 per cent in sterling terms, from £150.6m to £185m, with an underlying growth rate of 12 per cent — growth that reflects the strong cash flow coming from higher premiums.

Mr Alan Horsford . . . maintaining the policy of dividend increases on the evidence of future prospects of profitability and the strong balance sheet



However, the increase in investment income failed to cover the rising underwriting losses which soared from £169.3m in the first half of last year to £218.7m in the first six months of this year.

The movement in exchange rates had a significant impact on the results — the underwriting balance was adversely affected by £23.9m while investment income benefited by £16.4m, leaving the pre-tax figure some £7.5m worse off.

The improvement in the U.S. started to come through in the period under review. Total dollar premium income rose by 25.3 per cent, with commercial lines business showing a 32.5 per cent rise despite some loss of business.

The pre-tax result in the U.S. improved in dollar terms by U.S.$13.1m, with the second quarter statutory ratio down from 123.1 per cent last year to 119.1 per cent this year. The half year ratio was down from 126.1 per cent to 120.9 per cent.

Personal lines business in the U.S. showed an improvement despite the effect of tornado losses.

Premium increases on the important commercial multi-peril business have risen steadily since the middle of last year reaching 56 per cent in June and 62 per cent in July of this year.

In the UK, premium volume increased by 15.8 per cent, from £309.1m to £357.8m, with good premium increases in both commercial and personal insurance business.

Underwriting losses rose over the half year from £26m to £27.2m due to the heavy weather losses, costing £31m. However, higher investment income enabled the operating profit in the UK to rise over the period from £8.8m to £12.8m.

The number of motor claims in the UK reduced in the second quarter from the high levels experienced in the first quarter, but they still remained some 12.8 per cent up on last year. Nonetheless, most UK accounts are in a satisfactory position.

Business in Canada deteriorated further in the second quarter with a pre-tax loss of £3.8m against a £2m profit last year, leading to a half year loss of £9.3m against a profit of £1.5m.

The tornadoes which hit Ontario in May cost Royal C$6m net, while the number of automobile claims and the average cost of the claims continues to rise. Premium income in local terms rose by 18.9 per cent, almost entirely accounted for by higher prices on commercial business. The operating ratio deteriorated from 114.2 last year to 121.5 per cent.

After two successive good years in Australia, business turned down sharply with a reduction in pre-tax profits for the half year from £7.2m to £400,000.

There was a marginal pre-tax profit in the second quarter in the Netherlands on premium income, up 3.6 per cent in local currency. However, over the half year a pre-tax profit of £2.3m in 1984 was turned into an £800,000 loss.

Results in the rest of the world were adversely affected by the Chilean earthquake in the first quarter and poor experience in parts of Western Europe and the Caribbean. Premium growth was 16.4 per cent in real terms.

Mr Horsford pointed out that the company's efforts to reduce expenses that were within its control had succeeded in bringing down the internal expense ratio by over two points worldwide over the past 12 months, with a three point improvement in the U.S., almost seven in Canada and almost 1½ points in the UK. The group was on track for its targeted four point improvement in the U.S. expense ratio.

See Lex

Plessey sees much reduced loss from Stromberg-Carlson

IN LINE with the forecast made by Sir John Clark, chairman, last month, and with City analysts, first-quarter profits of the Plessey Company were down at the pre-tax level from £42m to £39.2m.

For the whole of the 1984-85 year profits were £163.7m against £176.1m.

Turnover of this telecommunications, electronic systems, aerospace concern moved ahead by 9.2 per cent from £305.23m to £333.23m for the 13 weeks ended June 28 1985 while operating profits edged 3.6 per cent up to £36.75m (£35.46m); operating margins were 11 per cent for the quarter against 11.6 per cent previously.

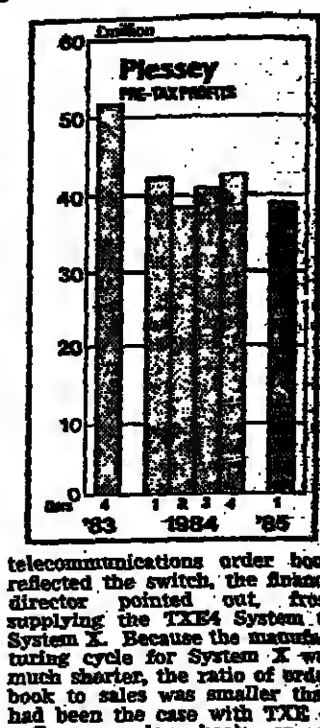
Telecommunications turnover rose by 17.8 per cent to £154.6m (£131.24m) but operating profits fell by 8.5 per cent from £14.91m to £13.64m. The directors say that the office systems businesses again performed well in the UK, but there was a general reduction in profits in public switching activities.

Mr Peter Marshall, Plessey finance director, said later that the U.S. telecommunications subsidiary, Stromberg-Carlson, which incurred a £20m loss last year, ran up a £3.8m deficit for the first quarter. He explained that this company had changed its product mix slightly and "the position is improving in terms of sales," although it still needed to increase sales volumes.

The first 13 weeks had only a smal benefit, he stated, from the cutbacks which were expected to produce cost savings of around £12m a year.

"This year we expect Stromberg to remain in loss but at a much reduced level from last year," Mr Marshall said. He added that he expected to see a progressive improvement in each quarter.

The reduction—from £583m to £565m—in the size of the group's telecommunications order book reflected the switch, the finance director pointed out, from supplying the TXE4 System to System X. Because the manufacturing cycle for System X was much shorter, the ratio of order book to sales was smaller than had been the case with TXE 4.



Group order book as at June 28 was £1.55bn (£1.61bn).

Turnover and operating profits of the group's other divisions are shown as: electronics systems and equipment £107.8m (£106.53m) and £9.28m (£9.81m) respectively; aerospace and engineering £30.22m (£28.75m) and £5.91m (£4.83m); microelectronics and components £31.4m (£29.94m) and £4.27m (£4.71m);

After tax of £16.83m (£16.5m) and minority interests, £90,000 credit (£23,000 debit), the balance came through down from £25.44m to £22.49m. Earnings per share are given at 3.05p compared with 3.46p.

See Lex

Over £2m midway for Bairstow Eves

THE EXPANDING estate agency group Bairstow Eves reports pre-tax profits of just over £2m for the half year to June 30, compared with £1.24m in 1984.

And the directors say the outlook for the rest of the year is encouraging, while the growing contribution from recent acquisitions creates confidence in the prospects for 1986 and beyond.

In the first half the residential housing market was active despite high interest rates, with more than 9,750 houses sold and over 3,400 mortgages completed. With the cost of mortgages going down there is likely to be a stimulation of activity.

The mortgage and insurance division has integrated further with the estate agency network, and it is expected that this profitable area of operations will continue to develop in the second half.

Turnover in the first half moved ahead from £6.49m to £9.33m. Tax takes £856,000 (£587,000) to leave the net profit at £1.16m (£648,000) equal to 2.48p per share (2.38p). The interim dividend is 0.9p net, and the forecast for the year 1.917p on capital increased by last December's rights issue.

Following significant growth in size and profitability of the group in 1984, the directors have continued the vigorous expansion by profit linked acquisitions of successful estate agencies.

In 1985 the company has completed the acquisitions of Kilroy, with eight offices in Bedfordshire and Northamptonshire, Millers in Banbury and Northampton, and Nicholas, with eight offices in the Thames Valley. Together with the proposed acquisition of Bridgfords (23 offices in Greater Manchester, Cheshire, Derbyshire and Staffordshire) this brings the total number of group residential sales offices to 137 and provides representation in 14 counties.

Mr Colin Finch, group finance director, commented yesterday that the main impact of the acquisitions would flow through in the second half and in the next year.

He welcomed the downward trend in mortgage rates, which would provide a second half stimulus to both mortgages and property sales. The company would also welcome the abolition of differential rates for higher priced properties. Its average price in the period was around £28,000.

● comment

Bairstow directors must have gone home in happy mood last night, and it is not hard to see why. A large increase in midway profits, more growth still to come from acquisitions, around £5m of the rights money in the bank even after the buying spree —all this on the day that mortgage rates were cut as if in answer to the directors' prayers. But after they have got over the 44 per cent rise in turnover and the 63 per cent jump in profits, they might like to consider the meagre 4 per cent increase in earnings, and ask themselves about dilution. With money expensive and paper cheap, most of the purchases of the past year have come through share issues, and it is hard to espace the conclusion that the company has been buying turnover and profit rather than improving inherent profitability. The estate agent business is one where it is notoriously easy to make money, and the spin-offs can be considerable. Agents' customers are likely to be the As, Bs, and C1s of the world, but largely ignorant of financial matters, and as Bairstow itself has found they will gladly settle for other, strictly non-property, advice—such as mortgages and insurance policies—when they purchase their three-bedroom semi. The question to ask is: why has nobody else seen the growth potential of an organisation like Bairstow? The answer is quite simply that they have. Some of the larger financial conglomerates, possibly with trans-Atlantic connections, would be glad to acquire a company which looks on the way to £5m this year and which will offer an outlet for their specialist services in finance and investment. Last night's closing share price of 95p, up 1p for a 1985 high, reflects this bid possibility.

Good Relations picks up after early downturn

DESPITE a background of unexpectedly difficult trading conditions in the early months of 1985 the Good Relations Group turned in satisfactory results to end June.

The directors say this reflected a strong recovery in the latter part of the half year.

At the pre-tax level profits are shown to have risen by only £19,000 to £710,000 from a turnover of £6.5m, compared with £4.65m.

However, the comparative figures have been adjusted in accordance with merger accounting principles for the acquisitions of Paul Winner Marketing Communications, Cullen and Casey, of New York, and Face Ronchetti.

The group, a public relations and advertising agency, points out that on the basis of adjusted figures turnover for the half year shows an increase of 40 per cent while revenue, which reflects fees, commissions and handling charges, increased by 24 per cent —from £3.13m to £3.88m.

Published figures for the first six months of 1984 showed turnover at £3.1m and pre-tax profits at £542,000.

For the half year under review earnings rose to 4.7p (4.9p) per 10p share and the interim dividend is being lifted from 1.7p to 2.1p net—a final of 3.3p was paid for 1984 from full year published pre-tax profits of £1.35m (£877,000).

● comment

The usually loquacious members of the public relations industry have a habit of silence when it comes to talking about themselves; as number one (in revenue terms) Good Relations is a fine example of this trend. The problems at its City office were well aired at the start of the year when a staff rebellion led to departures. What these figures do not tell us is how much this hurt the group. In this highly rated sector mistakes and difficulties have a greatly multiplied impact. Talk of a bid from the Saatchis put some 60p on the shares earlier this month, taking them up to 250p. Half of this boost has now gone and, short of more definite moves by a predator, it is difficult to see how the current price level can be maintained on analysts' forecasts of £1.6m pre-tax for the year. The shares could struggle to sustain the prospective rating of over 20 current on 232p and a 43 per cent tax charge. And surely the reference to work done for Burton over the Debenham's bid is a PR man's gloss on a more complex tale.

Halftime downturn at Ratcliffs (Gt Bridge)

FOR THE first half of 1985 profits of Ratcliffs (Great Bridge) have fallen from £806,209 to £698,000, or 13.4 per cent. The interim dividend is held at 1p net.

The directors say that at Great Bridge earnings were affected by a runaway copper market situation. This occurred at the end of April and prospects for a continuation of the "export led" recovery have been temporarily damaged by the recent steep rise in sterling exchange rate.

In Canada, conditions during the first half were difficult but prospects for the second have improved following the reduction in the Canadian and U.S. dollar exchange rates.

The group makes brass and copper rolled strip for use in the motor, housing, and electrical industries, and for domestic appliances. In the half year sales rose from £24.73 to £27.28m, which was due entirely to higher metal prices prevailing throughout the period.

There is no credit for interest this year, compared with £56,000 last time. Gross earnings of the parent moved up slightly from £176,200 to £192,000, but the subsidiary experienced a downturn of £124,000 to £506,000.

After tax of £282,000 (£319,000) the group net profit came to £436,000 (£487,200) equal to 8.86p (9.95p) per share.

For the whole of 1984 profit before tax reached £2m and total dividend of 3.5p was paid.

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UK COMPANY NEWS

Murray rejects Merchant Fund bid as inadequate

BY MARTIN DICKSON

Murray Growth Trust, the Glasgow-based investment trust with net assets of over £150m, yesterday rejected the takeover bid launched for it by the Merchant Navy Officers' Pension Fund.

Tho rejection — the Trust's first comment on the bid — came in a defence document urging shareholders to turn down the effer which was "inadequate when set against Murray Growth's performance in the past and prospects in the fnturo."

The pension fund, which already holds 24.8 per cent cf Murray's ordinary shares and 2.3 per cent of its B ordinary shares, is offering 100 per cent of net asset value in cash, subject to o minimum price of 102 5/64p for each share.

Murray Growth shares closed last night unchanged at 108p.

However, Mnrray said that while the offers held out ot first sight the prospect of a substantial capital gain, close examination showed this was likely to be much less substantial than it appeared.

In particular, the fact that the pension fund was not offering a share alternative meant that any immediate benefit from acceptance might be substantially eroded by capital gains tax liabilities.

Morray said it had tried to get the fund to agree to an alternativo offer of shares in an investment or unit trust, but the fund was not prepared to do so. Nor would it agree to a cash offer at a premium to net asset valua to compensato shareholdors for tax liabilities.

Murray also argued that the conventional formula used by the pension fund for valuing its assets might not fully reflect the potential of Murray Growth's unquoted investments, which represent about 21 per cent of its portfolio.

Furthermore, it said that various othor factors — such as the cost of terminating the fund's management contract and the cost to shareholders of re-investing in new shares — could represent e cost of as mnch as 5 per cent of net asset value.

Over 70 per cent of Murray's ordinary shares are believed to be beld by institutional investors, many of which will be exempt from capital gains tax. Recognising this, the Trust urged such institutions to consider the "inadequacy" of the offer and the detrimental effect on other sharoholders of accepting.

Majority of Bell board seeks alternative offer

BY LISA WOOD

A MAJORITY of tho board of Arthur Bell & Son yesterday told shareholders they were octively seeking an alternativo offer to tha £360m hid by Guinness.

The Scotch whisky distiller said yesterday in a latter to shareboldors: "The board belioves that the interests of the company are best served by continuing to operato under the present management, wbether as an Independent company or as part of a larger organisation. In this ligbt, the board concluded that it should seek an alternative offer in order to secure the highest possible price which is compatible with this objective and this is now taking place."

Mr Raymend Miquel, in his lotter to shareholders, spoke of improvement in the total UK whisky market and in particular, growth in Bell's sales in the off-licence trade, an area wbere its performance has been criticised by Guinness.

Ha said Bell's record in the 1980s showed that in terms of pre-tax profit it had outperformed other listed Scotch whisky companies.

Mr Miquel argued that as the Guinness offer represented an exit price earnings multiple of 15.4 per cent—which was below that of some ef its competitors—the bid was inadequate. Ho and his board, with the exception of Mr Peter Tyrie, e rebel director who has advised acceptanco of the bid, urged shareholders to reject the Guinness offer.

Mr Ernest Saunders, chief executive of Guinness, in response to Mr Miquol's comments, said shareholders should not be misled by diversionary tactics. "The Guinness increased offer is the only offer," he said. "There is no alternative."

Norscot buys Clan chain

Nerscot Hotels, the USM quoted Scottish botels business, bas mado a £631,400 cash acquisition ef Clan Hotels, a private chain of three hotels.

Norscot is buying the four star Gold View Hotel in Nairn with 55 rooms, which will complement Norscot's own Royal Golf at Dornoch; the Drumossia in Inverness with 71 rooms, and 20 chalets which are within easy reach of six or Nórscot's other botels in the north east; and the 81-room Park Hotel at Oban.

Clan also has a management contract to operate the 21-room Dalmeny Park Hotel et Barrhead. Norscot may make an offer for Dalmeny at a later date.

Net assets of Clan are put at £729,346. In the year to October 27, 1984 it produced an operating profit of £81,000 but a loss of £13,254 before tax.

Mr Peter Ross, chairman of Norscot, said: "Clan's botels are all well situated and, in a similar way to Norscot, attract both private guests and coach tours.

"Clan is generating soma £2m of turnover and with the benefit of Norscot's management . . . sbould in due course make a material contribution to group profits."

DIVIDENDS ANNOUNCED

AGB Research	4	—	3.6*	6.5	6*
Bairstew Eves ....int.	0.9†	Oct 21	0.64*	—	1.55*
BBA Group ....†int.	0.84	Jan 6	0.84	—	1.74
Corah ....int.	1.6	Oct 21	1.6	—	4
Fleming Japan Inv Tst	3.5	Nov 26	2.5	4	3
Good Relations ......int.	2.1	Oct 1	1.7	—	5
Horrburger Brooks	Nil	—	1.5	Nil	1.5
Independent News ... int.	5	—	4	—	12
London Trust	3	Oct 1	1.5	4.25	2.75
Louis Newmark	8.5	—	7.5	13	12
Ratcliffs (Gt. Brdg) int.	1	Nov 1	1	—	3.5
Reyal Insurance ......int.	9.2	Jan 3	8.75	—	23.75
J. Saville Gerdon	3.25	Oct 25	2.62	4.65	3.72
Stone Intl.	2.92	Oct 1	—	4.38	—
Trencherwood‡ ......int.	1.5	Oct 21	—	—	—

Dividends shown pence per share net except where otherwiso stated

* Equivalent after allowing for scrip issua. † On capital increased by rights and/or ecquisition issues. ‡ USM stock. § Unquoted stock.

Strong second half lifts AGB to £9.2m

AGB Research advanced strongly over the second six months and returned pre-tax profits of £9.2m for the full year te April 30, 1985, an increase of 17.6 per cent over the previons year's £7.83m.

The final dividend is being lifted from an adjusted 3.6p te 4p, which raises the total from 6p to 6.5p net per 10p share.

For tho year turnover pushed ahead from £88.15m to £103.73m but overall profit margins aro shown to have fallen from 9.77 to 8.87 per cent — tho group is engaged in consumer and industrial market research.

The main contribution te profits came from the market research division, which showed a rise of £1.62m at £7.95m. The publishing activities fell by £257,000 to £26,000 but other operations were little changed on the year.

The overseas market research companies continued to perform well, notably in the U.S. and Australia.

The directors say growth came both from existing businesses and from acquisitions made during the year in Australasia.

Tax accounted for £4.2m (£3.07m) and minorities for £393,000 (£744,000).

● comment

AGB's results were mnch in lino with forecasts. The share price nevertheless edged up 3p to 220p, probably out of relief that the figures were not accompanied by another rights issue. There bave been four in the last few years and the market has become a little wary, especially as it bas watched debt build np to over 40 per cent of shareholders' funds on tho back of AGB's investment programme. The fears appear to be unfounded, at least for the present, for AGB says this is going to be a year of consolidation. The smaller divisions should recover from their flat performance of last year — especially publishring, which suffered a beavy setback through relocation and the cost of closing down two magazines — while the mainstream market research is set for strong advances on the basis of its beavy investments in the UK, U.S., Australia and Italy. Some £11.2m looks well within reach this year, a figure which has the shares on a prospective p/e ratio of 15 after e 43 per cent tax charge.

Newmark lifts profits 10.5% to £1.2m

Louis Newmark, electronic and precision engineer and watch distributor, lifted pre-tax profits by 10.5 per cent to £1.2m in the year to March 30 1985, exactly in line with the board's forecast last January.

A final dividend of 8.5p is being recommended, making a total 13p for tho year against last year's 12p.

Group profit rose to £2.1m (£1.88m) but depreciotion of £882,000 (£760,000) cut this to £1.2m (£71,000 after exceptional debits of £351,000).

After tax of £603,000 (£107,000 and extraordinary credits £552,000), net profit was £637,000 (£864,000).

Turnover increased by £3.6m to £37.03m. Of the £3.6m, about £2.8m came from the merchandising divisions. It reflects the continuing growth of watch sales.

Manufacturing produced a small increase in turnover in spite of tho directors' cantion about the goneral prospects in dofence. However, they warn that there will be a downturn in the defence field this year. It will be minor, they say, unless Westland, tho troubled bellcopter manufacturer, faces unforeseen problems.

Directors say the indications are that nrofits will rise by about another 10 per cent in the year to March 29 1986.

Trencherwood down but confident

Treucherwood, the West Berkshire residential and commercial property devalopment and investment concern, which went public on the USM in une, has revealed a fall in pre-tax profits from £928,000 to £730,000 for the six months ended April 30, 1985. Turnover improved from £6.85m to £7.46m.

Mr J. A. Northgate, chairman, says tho ontlook for the group is good a with a record level of activity in tha new bomes and commercial divisions. He adds that considerablo growth is being achieved in Berkshire and the group "can look forward with confidence that 1985 will show growth ever 1984."

Earnings per share are given as 4.86p (8.05p) after tax of £292,000, against £311,000, while tho interim dividend is 1.5p. This will cost £26,000 leaving a retained balance of £412,000 (£617,000).

Record profit by J.Saville Gordon

J. Saville Gordon Group reported a record year for the period to the end of April 1985. Pre-tax profits for the Birmingham-based metal trader, scrap processor, pipeline equipment merchant and property investor rose by 74 per cent and were more than £2m for the first time.

On turnover up by 39 per cent to £32.04m (£22.98m) pre-tax profits rose from £1.33m to £2.31m. A final payment of 3.25p net per 10p share is proposed making a total for the year of 4.65p, compared with last year's final of 2.62p and total of 3.72p.

With tax taking £707,000 (£403,000) the earnings per share came out at 13.2p against 7.6p, a rise of 74 per cent.

Courts is first to try to buy 15% of its own shares

BY CHARLES BATCHELOR

Courts (Fnrnishers), the Surrey-based retailer of carpets, furniture and bedding, yestorday became the first group to take advantaga of o change in the Stock Exchange's rules allowing companies to buy up to 15 per cent of their own shares in any ooe year.

Courts intends to seek its shareboldors' approval to buy noarly 3.32m sbares, or 15 per cent of its equity. It plans to buy 806,000 non-voting A shares from its staff pension fund and a further 2.51m ordinary or A shares in the open markot. Two weeks ago tho Stock Exchange eased tha rules governing companies' purchases of their own shares. The previous limit, set after a change in the law in 1981, was 5 per cent in any one year. Companies may go beyond 15 per cent but only by tho uso of tho more cumbersome tendor offer or partial sbare offer.

Mr Bruce Cohen, joint managing director of Courts, said: "It is a coincidence thot wo are the first. We were going ahead with tha intention of asking permission to buy up to 5 per cent of our shares a year when we were advised by our brokers that tho rules had changed."

Courts is engagod in a substantial expansion of its international retailing network but took the view that tha large discount at which its shares stand to net asset value made its own equity the best investment.

Its lotest set of accounts, to March 31 1985, show net assets a share of 262.2p, including tho directors' voluation ef property and deferred profits. The company's non-voting A shares closed at 122p yestorday, a rise of 2p on the day, while its ordinary shares firmod 5p to 175p.

A reduction in Courts' issued share capital will also benefit earnings a share and lead to savings in dividend paymeots.

Courts plans to compensate its preforence shareholders for the reduction in the company's total asset value hy iocreasing the annual preference dividend from 4.9 to 5.4 per cent.

Court's directors plan to vote their combined 71.5 per cent holding in favour of the proposal ot shareholders' meetings on October 2.

Tho company's merchant banker is Singer and Friedlander and its hrokor Capel-Cure Myers.

Court's pre-tax profits were almost unchanged at £7m in the year ended March 1985 on turnover which rose 9 por cent to £87m. It has stores throughout southoro England, in the Far East and in the Caribbean.

COMPANY NEWS IN BRIEF

HABIT PRECISION Engineering, a maker of industrial diamond tools, is to issue £1m of new shares to CIN Industrial Investmeots, which is acting on bebalf of tho National Coal Board Poosion Funds. CIN will take up 900,000 new 5p ordinary shares at 60p each and 460,000 7 per cent convertible cumulativa redeemable £1 preference shares. This will givo CIN an 8.98 per cent stake in Habit's enlargod equity before conversion of tho preference element. Habit has also acquired the trading assets and business of ABC Diamond Tooling, based near Gloucester, which makes diamond grinding wheels for the optical and glass industries. It made a gross profit of £244,000 on turnover of £765,000 in the nine months ended March 31 1985 bnt unforeseen costs and losses particularly in the Far East led to the appointment of a receiver.

TRIPLEX, the foundries, engineering and building components group, performed better than last year in each of its divisions in the first quarter, from April to June, and so far in the second quarter the trend was favourablo, Mr Lewis Robertson, cbairman, told the annual meeting. "The outlook is therefore good," be said, "and for the first four months tho group is ahead of budget and of the corresponding period last year. Provided that interest rates continue to moderate, the second balf will be stronger."

VIRANI GROUP (UK), the privately-owned loisure, hotel and property group boaded by Mr Nazmn Virani, has increased its bolding in Woodhouse and Rixsoo (Holdings), e Sheffield-based mannfacturer of forgings, to 19.75 per cent. Virani first disclosed its holding— then 8.3 per cent — in Woodhouse in May. By July 23, it bad raised its stake te 14.3 per cent.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interim or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Bardsey, T. Clarke, Wagon Finance.

Finals:—Access Satellite International, Pifco, Wholesale Fittings.

FUTURE DATES

Interims:—

Bank of Scotland	Sept. 25
Dewhirst (I. J.)	Aug. 28
Liberty	Sept. 27
Nichols (J. N.) (Vimto) ...	Aug. 21
Olives Paper Mill	Aug. 20
Prudential	Sept. 12
Wilson (Connolly)	Sept. 4

Finals:—

Armstrong Equipment	Sept. 17
Heath (Samuel)	Aug. 22
Jos Holdings	Aug. 20
New Darien Oil Trust	Sept. 2

UK COMPANY NEWS

Stone Intl. up 29% as margins rise

SECOND-HALF profit of Stone International, the systems engineering group, amounted to £4.18m to produce a total of £7.34m for the year ended May 31 1985. This is a 28.7 per cent rise on the £5.7m recorded for 1983-84.

The final dividend is 2.92p to meet the promised 4.38p net total forecast in the listing prospectus of last October.

The group specialises in advanced electrical systems and energy related engineering with North America being far and away its biggest market. At the end of May its orders outstanding were 25.5 per cent higher at £86m, and chairman Mr B. P. Jenks says, apart from unforeseen circumstances, he anticipates another successful year of growth in all major market areas.

Orders received during 1984-1985 were up from £74.51m to £93.56m. Sales showed an 8.4 per cent increase to £78.71m while the operating profit advanced 19.5 per cent from £7.35m to £8.79m. Margins improved from 10.1 per cent to 11.2 per cent.

The transportation division accounted for £58.83m (£56.83m) of sales and £7.5m (£6.5m) of operating profit, the energy systems division for £15.2m (£8.9m) and £1.54m (£238,000), and electronic and electrical £4.68m (£6.8m) and loss £260,000 (profit £240,000) respectively.

Stone was formerly a member of the Stone-Platt Industries group until it was bought out by the management from the receiver. During the year it has acquired and integrated its first two acquisitions—Danks of Netherton and W. G. Allen & Sons (Tipton)—into the energy systems division, and they accounted for £12.4m of orders received.

Three trading subsidiaries of Allen were not compatible with long-term strategy and were sold last month to their management for £880,000. The assets acquired from Allen also included debtors which are expected to yield in excess of the £800,000 attributed to them in the purchase consideration, and certain excess freehold properties which will be sold and should produce a substantial amount.

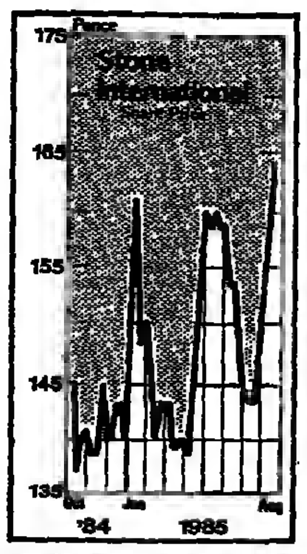
Both Danks and Allen have well respected products which can be manufactured profitably. Together they accounted for the significant increase in the sales and profits of the energy systems division, benefiting in part from the completion of contracts purchased from the receivers at advantageous prices.

The year produced a disappointing result for the electronics activities in the UK and Australia. Management attention has been and continues to be directed to improving the profitability and the product range.

Mr Jenks says Stone continues to review other possible acquisitions. While concentrating primarily on areas which are complementary to the electronic and electrical products, "we shall not ignore opportunities in other engineering fields."

The year's acquisitions required investment in working capital. In addition, delays in the receipt of contracts and consequent rescheduling of production programmes caused working capital to increase temporarily, particularly in North America.

Nevertheless, the higher level of profit has enabled the group to achieve a creditable 37.6 per cent return on average capital employed. Subsequent asset realisations and the restoration of normal levels of working capital in the U.S. should lead to an improvement on that performance in the future.



Principally as a result of the availability of UK tax losses, the tax charge for 1984-85 represented only 28.6 per cent (42.2 per cent) of profits. After that and minorities, the attributable balance came to £4.67m (£2.89m) for earnings of 16p (10.1p) per share.

The coming year will benefit from a full 12 months' contribution by the acquisitions, and the planned savings from consolidating both on to a single site at Oldbury.

The group is to be reorganised into separate product divisions.

● comment

It has been a busy year for Stone International: a listing in October, major acquisitions in January and March, the disposal of some peripheral businesses in July and a general reorganisation of the group's activties are just some of the highlights. The fact that the group has come through this testing period with a commendable result says much about the quality of its management. The year has not been without its problems: the electronics division turned in a loss, mainly because of the delay in bringing in a £1½m motorway signalling contract, and Crawley's transportation operations performed badly, mainly through delays in bringing in a £10.8m air conditioning contract for the Singapore Mass Rapid Transit Authority. Overall, however, the problems have been outnumbered by the successes, amongst which the acquisition of Danks and W. G. Allen features the most prominently. These two companies, picked up late in Stone's year for £3.3m, hardly show through in these figures, but in the current year they are likely to treble the energy division's turnover. The group is aiming for rapid growth through further acquisitions, though with gearing at 47 per cent these are likely to be for paper. On present form profits this year likely to be about £9m which, after a 32 per cent tax charge, puts the shares on a modest prospective p/e ratio of 9 at 164p.

Severe pressure on Corah margins

INTEGRATION COSTS and the difficult trading conditions in which clothing manufacturers operate, has led to a reduction in pre-tax profits from £1.25m to £1.02m for Corah in the first half of 1985.

The severe and sustained pressure on net margins will affect the group's performance through the current year, the directors state. However, forward order book continues to be strong and benefits arising from the acquisition of Reliance Group of additional making-up capacity and the extended use of Corah's capital intensive resources are starting to accrue.

The interim dividend is being held at 1.6p net per share. For 1984 the total was 4p paid from a pre-tax profit of £3.11m.

Results for the half year include those of Reliance, whose integration is now largely complete. Corah and Reliance are engaged in the manufacture of a complementary range of knitted clothing, and both have important trading links with Marks and Spencer and other leading retailers.

The directors say it is difficult to recover unavoidable cost increases through higher selling prices. They are pursuing a policy of stringent cost controls and are continuing investing in advanced technology for improved efficiency, but net margins are still under pressure. Turnover in the half year expanded from £32m to £47.29m.

Abbey recovers but no dividend

THE IRISH-BASED industrial holding company Abbey, saw profits recover in the year to the end of April 1985 mainly as a result of lower exceptional items and a reduced interest charge. However, after extraordinary items the retained profit is not considered large enough to resume dividend payments.

On turnover down from I£79.6m to I£56.52m taxable profits were I£2.99m (£2.4m) against I£112,000. The figure was struck after exceptional items of I£1.59m (I£2.7m) relating to further write-downs in Irish lands, and interest payable of I£1.88m (I£3.19m). Last year there was a contribution from associates of I£43,000.

Tax took I£1.97m (I£1.44m credit) and there were extraordinary items of I£895,000 (I£3.31m), leaving retained profit of I£124,000 (I£2.26m loss).

Strong recovery boosts BBA profits to £6m

COMPARED with a total of £5.41m for the whole of 1984, taxable profits of the BBA Group, friction materials, conveyor belting and industrial textiles concern, expanded to £5.96m for the first six months of 1985. This is a 53.3 per cent advance on the previous £3.89m.

And the directors say the figure would have been significantly higher but for the strength of sterling, especially against the German mark and both the Australian and American dollars, at the midway stage.

Mr C. M. Fenton, chairman, says trading in the six months showed a pronounced recovery and although the company usually produces lower figures in the second half, this year's latter period will be favourably affected by the rationalisation benefits of the integration of Mintex and Don, the impact of Synterials, and the extension of the North American activities.

"I believe we are in a position to anticipate an exciting and controlled recovery of your company's fortunes," Mr Fenton adds.

Group turnover rose by 18.4 per cent to £104.3m (£88.1m) for the first half to June 30. Sales from overseas companies showed an advance of 16.7 per cent while UK moved ahead by 21.4 per cent. The directors point out that including the Don companies, acquired with effect from April 1 last, automotive sales increased by 22.7 per cent while industrial sales go up by 6.3 per cent.

On capital increased by the £8m March rights issue, earnings per share are given as 4.01p (1.91p) while the interim dividend is unchanged at 0.84p net—last year's final payment was 0.9p.

At the operating level profits amounted to £7.83m, compared with £5.53m. In the automotive sector the UK and South African operations showed significant improvements, the chairman states, while 1984 profits in the industrial division were distorted by the inclusion of non-recurrent profits on the sale of development land.

Mr Fenton adds that the volume demand for mine belting consequent on the aftermath of the miners' strike, was substantially below levels prevailing in 1984.

As announced on August 14, the group has agreed in principle to buy the rubber belting business of Uniroyal Inc in the U.S. and Canada for some $13.5m (£10m). The acquisition is subject to an accountant's report on the assets and approval from the Canadian authorities.

Uniroyal's rubber belting interests are based in Ontario and Obie and they have recently returned to profitability after some years of losses. A turnover of $33.7m is expected this year.

Mr Fenton says the integration of Mintex and Don is proceeding well and the planned benefits starting to emerge, while the acquisition of Synterials will enable BBA to develop its engineering materials division.

"The acquired cash balances of approximately £13m will immediately improve UK borrowings and consequently improve UK profits and tax rates due to the lower finance charges," the chairman states.

Group profits were after interest charges of £1.87m against £1.64m and subject to tax totalling £2.82m, against £2.43m. After minorities, £483,000 (£248,000) the attributable balance came through more than doubled at £2.66m (£1.17m).

Total borrowings as at June 30, including the one year redeemable preference shares, with back-up medium term loan facilities, amounted to £36.94m, with a gearing of 66.7 per cent (63.3 per cent).

● comment

Under new mangement of Dr John White and with the benefit of the £40m plus spent on acquisitions in the last six months, BBA is lookig a very differet aimal. The tough approach of the ex-Tarmac man has apparently concentrated minds on performnce — even the South African operation is now making money as is the UK automotive side. With the benfits of property sales plus the handsome cash pile from the Synterials acquisition (so good it almost qualifies as a rights issue) gearing by the year end should be down to 45 per cent of shareholder's funds. This allows for another £10m to be spent on an expected purchase later this year. The proposed solution to the pension overfunding — a three year holiday but with the charge still taken above the line as a cost — will put anothe £2.3m a year into the business. In addition the interest on the £7m surplus will also contribute. Analysts are agreed that BBA now deserves a serious upward rerating with pre-tax profits for the year forecast at £12¼m. On a prospective tax charge of 43 per cent the shares at 96p, up 4p, are surely inexepensive on a multiple of 11.

Memory Computer plans second cash call in year

BY FRANK KANE

MEMORY COMPUTER, the Dublin-based manufacturer and distributor, has announced plans to raise further funds following a poorly received rights issue earlier this year, and reported a turnround to profit in the first quarter of 1985/86.

The cash-raising scheme involves a placing of 1.08m convertible cumulative redeemable preference shares of I£1 each, at par, and will net about I£0.93m (£0.75m). The money raised is intended for working capital and to enable the company to complete its reorganisation and cost reduction programme. The placing is subject to shareholders' approval.

Existing shareholders will have the right to apply for up to 540,000 preference shares, which can be converted to ordinary shares between 1986 and 1993 on a par value basis — one £1 preference may be converted into 10 10p ordinary shares.

Mr Aidan McKenna, managing director, who along with another director holds a little more than 25 per cent of the ordinary equity, was confident yesterday that the plan would be approved.

As expected in the year Memory showed a substantial pre-tax loss of £3.82m. This compares with a small profit of £76,000 the previous year, when the group was forced to scale down earlier profit estimates after the auditors Touche Ross had refused to sign the preliminary results.

However, since the year end sales have picked up, and in the three months to June 30 profits are stimated at I£201,000 on turnover of I£2.51m. Mr McKenna said that the group is in a strong competitive position in Ireland and the UK after cutting back on its troubled U.S. operations.

Memory's 10p shares closed unchanged at 11p on the USM

Duncan and Goodricke up to £1.8m

Walter Duncan and Goodricke, the banking, warehousing and market research group, sharply increased pre-tax profits to £1.8m in the half-year to June 30, 1985, from £443,000 in the same period last year. This was largely because of a £1.34m profit on the sale of an investment in Eastern Produce (Holdings) to Lawrie Group, with which it is connected.

Operating profit on a turnover of £4m (£3.83m) was up slightly to £454,000. After tax of £217,000 (£199,000), the net profit was £1.58m (£236,000). There were no minorities profits, compared with £8,000 in the first half last year. Earnings per share were 90.4p (13.49p).

Profits of the group's banking subsidiaries were ahead compared with the same period last year. In June 1985, the group subscribed for a further 3m £1 shares in Duncan Lawrie, one of its banking subsidiaries, bringing the authorised and issued share capital in Duncan Lawrie to £8m.

FT COMMERCIAL LAW REPORTS

Bank's liability on performance bond

ESAL (COMMODITIES) LTD, RELTOR LTD versus ORIENTAL CREDIT LTD and WELLS FARGO BANK NA
Court of Appeal (Lord Justice Ackner, Lord Justice Neill and Lord Justice Glidewell): July 31, 1985

WHERE A bank issues or confirms a performance bond undertaking to pay a sum on demand in the event of non-performance of a contract, it will not escape liability for non-payment on the ground only that breach of contract is not established when the demand is made. And although under English law the beneficiary under the bond should expressly assert breach of contract when making the demand, his failure to do so does not invalidate the demand if the foreign tribunal to which the bond is subject has, in a final and binding decision, rejected the submission that such assertion is essential.

The Court of Appeal so held when dismissing appeals by Oriental Credit Ltd and Wells Fargo Bank NA, from summary judgments for $512,300 made against each of them by Mr Justice Leggatt in favour of Wells Fargo and Banque de Caire Caire respectively.

* * *

LORD JUSTICE ACKNER said that in May 1981 Reltor was interested in selling sugar to Estram, an Egyptian corporation.

Oriental ected as Reltor's London banker. On May 21 it instructed the London office of Wells Fargo to establish a bid bond through its correspondent in Egypt, and to instruct the correspondent to add its confirmation. Wells Fargo's correspondent in Egypt was Banque de Caire which was, in due course, so instructed.

Subsequently Reltor's bid was accepted subject to the issue of a performance bond. On June 1 Oriental wrote to Wells Fargo informing it that Reltor was to supply sugar to Estram, and requesting it to telex a performance bond through its Cairo correspondent undertaking to pay $487,300 on Estram's written demand in the event that Reltor failed to ship the agreed quantity. The bond was to be valid until September 15.

Written alongside in manuscript was a note which read "Banque de Caire to add confirmation."

Wells Fargo instructed Banque de Caire as requested, with the additional request that it should add its confirmation, and that the performance bond should be subject to the Uniform Customs Practice (UCP).

The final form of undertaking read: "We undertake to pay the said amount on your written demand in the event that the supplier [Reltor] fails to execute the contract in perfect performance . . ."

On September 5 Estram wrote to Banque de Caire requesting extension of the performance bond np to December 15. The bank immediately telexed Wells Fargo and asked for a reply.

Wells Fargo neither passed on the inquiry to Oriental, nor replied to Banque de Caire.

On November 29 Estram requested Banque de Caire to extend the validity of the bond to March 15 1982, stating that it ended on December 15.

The bank passed the request on to Wells Fargo which informed Oriental, but made no mention that any prior request had been made. Oriental phoned Reltor, which refused an extension, and which made the point that the bond had expired on September 15.

On January 4 a third request was made and on February 3 Estram requested Oriental "to immediately seize the amount of the said guarantee."

Reltor maintained that the bond had expired, and Banque de Caire received no authority to comply with the demand.

Estram instituted proceedings against Banque de Caire by arbitration before an Egyptian jndicial body from which there was no right of appeal. It gave judgment in favour of Estram for $487,300 on February 23 1984, being the amount of the performance bond with interest and costs.

On September 25 Mr Justice Leggatt gave summary judgment in favour of Banque de Caire against Wells Fargo for $512,300 and in favour of Wells Fargo against Oriental for the same sum.

Oriental now appealed against Mr Justice Leggatt's decision in favour of Wells Fargo, and Wells Fargo, in order to protect itself, appealed against the decision in favour of Banque de Caire.

Wells Fargo's attitude was that the ultimate responsibility for payment on the performance bond lay with Oriental, but that if Oriental obtained leave to defend, Wells Fargo should have leave to defend against Banque de Caire.

Of the five defences relied on by Oriental to justify leave, only the first two could be relied on by Wells Fargo.

The first was that liability under the performance bond was conditional and the condition had not been complied with.

Oriental contended that on the true construction of the bond (a) there was no liability unless and until there had been a breach of the contract of sale, and that had never been established; alternatively (b) that the beneficiary of the bond not only had to make a written demand for payment but must assert that the demand was made because the supplier (Reltor) had failed properly to execute the contract.

Mr Tugendhat, for Oriental, supported both constructions by relying on the words in the undertaking "in the event that the supplier fails . . . in perfect performance."

With regard to the first construction, if the bond were so conditional, then unless there was clear evidence that the supplier admitted it was in breach of contract, payment could never safely be made by a bank except on a judgment of the court. That would be wholly inconsistent with the entire object of the transaction, namely to enable the beneficiary to obtain prompt and certain payment.

Edwards Owen Engineering [1978] 1 QB 159 stressed that a bank was not concerned with the relations between supplier and customer, nor with whether the supplier had performed his obligation, nor with whether he was in default. The only exception was where there was clear evidence of fraud and of the bank's knowledge of that fraud (see: *United Trading Corporation, FT July 25 1984*).

However, Mr Tugendhat's alternative submission was accepted —that in addition to the beneficiary's making the demand, he must also inform the bank that be did so on the basis provided for in the bond itself.

That not only gave meaning and effect "in the event that the supplier fails . . ." which otherwise would be mere surplusage, but it in no way imposed an extravagant demand on the bank.

However, Banque de Caire's refusal to pay resulted in proceedings before the Egyptian tribunal which rejected its submission that for the demand to be valid it had to be accompanied by a statement that the supplier had failed to execute the contract. The award of that tribunal was final and binding.

Banque de Caire's position was clear. At Wells Fargo's request it added its confirmation to the bond. By making that request Wells Fargo impliedly undertook to indemnify it against the consequences of confirmation.

The inevitable consequences of Banque de Caire's failure to comply with a demand was that it would be liable to be sued in Egypt. Accordingly, it was entitled to indemnity.

The second defence relied on was that the expiry date was extended by Banque de Caire without consent.

That point was unarguable. No authority was given to extend the bond.

There being no duty on Banque de Caire to grant the extension, its failure to reply to the request could not result in the request being granted. The fact that Estram concluded that the failure was to be construed as acceptance was neither bere nor there.

The third defence was that there never was any instruction by Oriental that Wells Fargo should procure confirmation of the bond by Banque de Caire.

There was absolutely no substance in that point.

The fourth defence was that Oriental's liability was, by implication, subject to a condition that Wells Fargo would notify it promptly in the event of a demand being made.

There was no implied condition which obliged a bank to inform the customer *before* it paid pursuant to the demand, because it was in no way concerned with disputes between its customer and the beneficiary. Why, then, should there be an *implied condition that after* payment there should be prompt notification?

The very fact that the bank had to pay under the bond would cause it to seek an indemnity. *The general expectation would* be that it would lose no time in doing so. The customer would thus be informed that the beneficiary had made his demand and received the payment. The implied term could therefore not be said to be necessary to make the contract workable.

The fact that as a matter of good business practice and courtesy a bank would refer such a request to the customer did not in itself create any duty unless, in addition, there was such a course of dealing between the parties as to give rise to some implied agreement. That was not alleged.

The *fifth* defence was that Wells Fargo, without authorisation, incorporated the provisions of the UCP code into the bond, and Oriental's obligation to indemnify Wells Fargo was thereby discharged.

In order to raise a triable issue, Mr Tugendhat had to establish that it was arguable that the unauthorised incorporation caused the tribunal to decide that Banque de Caire was liable to Estram, and that without such incorporation it would be under no liability.

There was no hint that the Egyptian tribunal had the slightest regard to the UCP code. On the contrary, the authority which it quoted appeared to be an Egyptian text book.

The appeal should be dismissed.

LORD JUSTICE NEILL agreed, *subject to the reservation* that he would like to leave open for decision on some future occasion the question whether it was necessary for a beneficiary to give express notice to the bank that the qualifying event had occurred.

Lord Justice Glidewell agreed with Lord Justice Ackner.

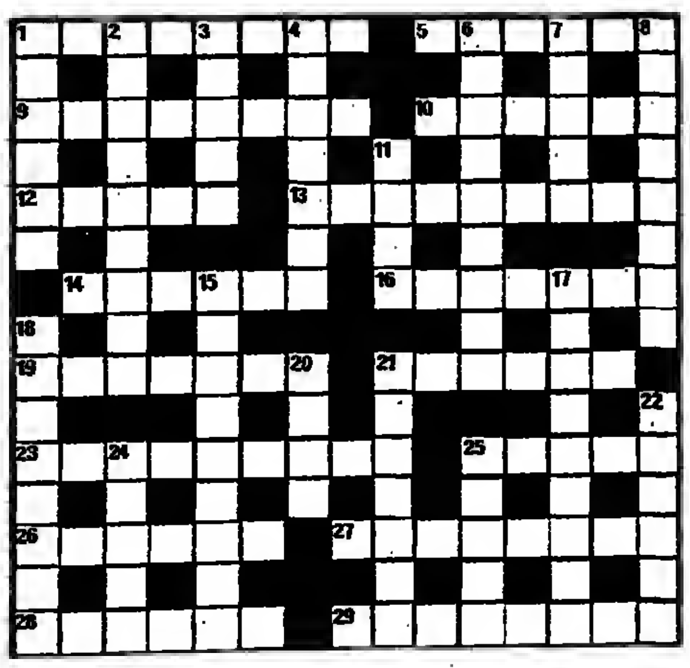
For Oriental: Michael Tugendhat (Freshfields).

For Wells Fargo: Jonathan Sumption (Coward Chance).

For Banque de Caire: William Blair (Clifford Turner).

By Rachel Davies
Barrister

F.T. CROSSWORD PUZZLE No. 5,797



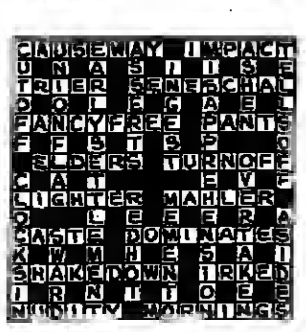
ACROSS

1 Engaged Scrooge, detailing him to poke around (9)
5 See new case for top flight (6)
9 He is in the back on the South East train (9)
10 Scrape away the tar carelessly, dear (6)
12 For example, the return half shows a bird (5)
13 Well-bred chap has information on mental trouble (9)
14 Breathers for those wanting something to eat (6)
16 Now feel bitter at the leading politician going first (7)
19 The animal the soldiers ought to go in and cheer (7)
21 About to enter badly bent part of car (6)
23 Weak boy is hiding amongst the thorns (9)
25 Plant that turns blue around midnight (5)
26 Left in ruined Orion stretch corset (4-2)
27 Lacking skill, the famous lady pianist accepts work by the Spanish (8)
28 Being about ten, I get toy duck out (6)
29 Confounded sailors seen in an unusual finale (8)

DOWN

1 Clare wanders behind parking lot (6)
2 Crazy Theo gets an increase in pay around Wednesday 1st—or else! (9)
3 Unsuitable for batting, inclined to follow on (5)
4 Sensing trouble, find the officers (7)
6 Late 'bus upset navy officer (9)
7 A sudden fright may wake you (5)
8 In No. 28, poor Elizabeth is a very long time seemingly (8)
11 Poles' religious npbringing is cut (4)
15 Those in this will be living on water (9)
17 Reg moves again, into flat that's always fresh (9)
18 Book after parking, causing jam (8)
20 Eager to know the way in (4)
21 Perch the ball on an instrument (7)
22 Turning up, after half five, without the boat (6)
24 When it's ten to one, standing with a student in the entrance (5)
25 Continue taking the clergyman a note (5)

Solution to Puzzle No. 5,796



APPOINTMENTS

Chairman of Anglia

ANGLIA BUILDING SOCIETY has elected Mr Rey Duncombe as its new chairman. He takes over from Mr Jack Corrin, chairman since 1981, who will continue to serve as a director. Mr Duncombe first entered the building societies movement in 1950, when he was appointed a director of the Leicestershire Building Society, later serving as vice-chairman from 1957-66. A director of Anglo since 1967, he was elected vice-chairman in 1981. He is financial director of the Ferry Pickering Group. Mr Duncombe is also a past member of the Council of the British Printing Industries Federation, past president of the Midland Master Printers Alliance and past chairman of both the British Printing Management Accounting Committee and the British Printing Economic Working Party. Mr John Thomas has been re-elected deputy chairman of Anglia. A building society director since 1968, Mr Thomas was appointed deputy chairman of the London and South of England Building Society in 1982. He is senior partner of Baxter, Payne and Lepper, chartered surveyors and estate agents.

*

Mr Ian M. Clubb has been appointed group managing director of CARLESS, CAPEL & LEONARD from November 1. He has been finance director of Woodside Petroleum since 1982 and previously was with the International Thomson Group for 17 years, becoming group finance director in 1980. Before this, he was managing director of Thomson North Sea and financial director and board member of Times Newspapers.

*

From October 1, Mr Robert Krakoff, newly-appointed chief operating officer of Cahners Publishing Company, and Mr Graham McVey, newly-appointed chief executive of Business Press International, will become directors of REED PUBLISHING. Secretary to the board will be Mr Ed Reuteler, who moves from Cahners to become Reed Publishing development manager. Mr Reuteler replaces Mr Andrew Gill, newly-appointed marketing director of ABC Travel Guides.

*

Mr Keith Williams has been appointed a full board member and director, corporate marketing, for BIS SOFTWARE, a member of the Business Intelligence Services Group. He was managing director of another BIS Group subsidiary, BIS Insurance Systems.

*

Mr Albert D. Angel, currently chairman and managing director, Merck Sharp and Dohme, and vice-president, Merck Sharp and Dohme (Europe) Inc., has been elected vice-president, public affairs, MERCK AND CO., INC., based in Rahway, New Jersey, U.S. from September 1. Mr Angel has headed the UK subsidiary of Merck Sharp and Dohme International, a division of Merck and Co., Inc., since 1980. Mr John V. Burke is his successor and becomes managing director, Merck Sharp and Dohme—UK and vice-president, Merck Sharp and Dohme (Europe) Inc., on September 1. He joined from G. D. Searle and Co. in June 1983, as director, pharmaceutical division, responsible for the company's marketing and sales operations.

*

Mr Terence R. Goulder, a director of Bain Dawes, has joined the board of ROAD HAULAGE ASSOCIATION INSURANCE SERVICES, following the retirement of Mr Brian Marsh. Mr Marsh was a deputy chairman of Bain Dawes and a member of the R.H.A.I.S. board since its inception.

*

Mr Colin Stewart has been appointed an associate director of GODWINS. He recently retired as a directing actuary (under secretary) in the Government actuary's department.

*

Mr Trent Harris, has been appointed deputy chief executive of WOLSEY KNITWEAR, subsidiary of Courtaulds group. He was sales and marketing director, and will still retain this responsibility.

*

Mr Alan Randle has been appointed director of the DUNLOP engineering support division, Coventry. The division is part of the Dunlop oversea group of BTR Industries. Mr Randle was manager plant and equipment.

*

From September 1 JOHN BETTS REFINERS, a subsidiary of W. Canning, has appointed Mr Geoffrey C. White as managing director. He was commercial director. Mr Kenneth Horton, is appointed assistant managing director with overall responsibilities for commercial and financial functions. He was finance director. Mr S. M. Patey, becomes director; Mr A. J. Valsey, commercial director; Mr M. S. Boswell-Munday, production director, and Mr R. M. Punt, technical director.

*

Mr Howard Perlin has been appointed to the board of CENTRAL INDEPENDENT TELEVISION. He is an executive director of Sears. He has been an alternate director to Mr Geoffrey Maitland Smith, who has now become Mr Perlin's alternate.

*

Mr John Dahl has been appointed managing director of SOLIDATE. He joins the company from Flintab AB, a Swedish high technology group which last year became a major investor in Solidate along with the British-owned Granville Venture Capital organisation.

*

Mr Robert A. Forster has been appointed financial director of OEC ORTHOPAEDIC, a subsidiary of Biomet Inc. of Warsaw, Indiana.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
80, Holdenhurst Rd., Bournemouth 0345 717373

High Income				
Gilts & Fixed Int	113.9	120.5	+0.1	9.96
High Inc Equity	70.6	75.1xd	+0.2	6.59
Worldwide Bond	147.5	156.9xd	+0.3	8.18

Brown Shipley & Co. Ltd. (a)(g)
9-17 Perrymount Rd, Haywards Hth 0444 458144

Buckmaster Management Co. Ltd. (a) (c)
The Stock Exchange, EC2P 2JT. 01-588 2868

CS Fund Managers Limited
125 High Holborn, London WC1V 6PY. 01-242 1148

CS Japan Fund	40.9	43.5	-0.2	0.49
CS Portfolio Inv. Fd.	49.2	52.3	—	3.42

Canada Life Unit Trust Mngrs. Ltd.
2-6 High St, Potters Bar, Herts. P Bar 51122

Cannon Fund Managers Ltd. (z)
1, Olympic Way, Wembley, HA9 0NB. 01-902 8876

Growth	217.5	232.4xd	+1.0	3.97
Income	250.4	266.4xd	+0.9	3.48
Far East	111.6	118.7	+1.5	0.82
North American	111.1	118.2	+1.0	1.62

Capel (James) Mngt. Ltd.
100, Old Broad St, EC2N 1BQ. 01-588 6010

Capital	254.5	270.0	—	2.29
Income	200.6	211.2	—	6.26
North American	225.0	236.9	—	2.06

Prices on August 7. Next dealing Aug 14.

Cater Allen Unit Tst Managers
1, King William St, EC4N 7AU. 01-623 6314

Cater Allen Gilt Tst.	99.4	105.6xd	-0.2	11.50

Allied Dunbar Unit Trusts PLC (a)(g)
Allied Dunbar House, Hatton, Brentwood, Essex (0277) 211459 & 229123

Arbuthnot Securities Ltd. (a)(c)

Anthony Wieler Unit Tst. Mgmt. Ltd.
29, Widegate St, London E1 7HP. 01-377 1010

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Pearl Trust Managers Ltd. (a)(g)
252 High Holborn WC1V 7EB — 01 405 8441

Pearl Growth Fd	62.1	66.1	+0.2	3.46
Accum Units	91.0	97.7	-0.3	3.46
Pearl Inc	87.7	93.1	+0.3	5.09
Pearl Unit Tst	91.7	97.5	+0.5	4.10
(Accum. Units)	154.0	164.8	+0.7	4.10

Perpetual Unit Trust Mngmt. (a)
48, Hart Street, Henley on Thames. — 0491 576868

Growth	178.8	191.4	+0.4	1.53
Income	136.1	145.8	+1.0	3.44
Worldwide Recovery	102.1	109.6	+0.8	2.15
American Growth	55.9	60.0	-0.2	0.11
Intl. Emerging Cos.	57.7	62.0	+0.2	0.78
Far East Growth Fd	46.2	49.6	-0.5	1.0

Prolific Unit Trusts
222, Bishopsgate, EC2. — 01-247 7544/7

Prolific Far East	99.2	106.3	+0.6	0.31
Prolific Extra Inc	60.9	64.9	+0.2	6.34
Prolific Gilt Cap	82.5	95.6	+0.1	3.21
Prolific High Inc	127.4	135.8	+0.6	5.63
Prolific Intl	80.6	86.4	-	1.85
Prolific N. Amer.	114.7	122.9	-0.1	2.64
Prolific Spec. Sits	136.2	145.2	+0.7	1.70
Prolific Technology	98.8	105.9	-0.3	0.84

Providence Capitol Fd. Mgrs. Ltd.
30 Uxbridge Road, London, W12 8PG. — 01-749 9111

Japan Trust	47.9	50.7	—	—
Worldwide	47.0	49.8	-0.1	2.86
European Trust	49.8	52.8	+0.2	2.20
North American	47.8	50.6	-0.4	2.06
UK Equity	49.0	51.9	—	4.08

Prudential Unit Trust Mngrs Ltd. (a) (b) (c)
51-69, Ilford Hill, Ilford, Essex, IG1 2DL — 01-478 3377

Holborn Equity Tst	319.7	340.1	+1.4	3.67
Holborn Gilt Tst	154.5	161.4	+0.3	7.79
Holborn High Inc	54.5	52.9	+0.2	7.08
Holborn Intl	57.6	61.2	-0.2	0.57
Holborn UK Growth	62.8	66.8	+0.3	3.31

Quilter Management Co. Ltd.

TSB Unit Trusts (b) (c) (y)
PO Box 3, Keens Hse, Andover, Hants, SP10 1PG
0264 62188 Dealings to 0264 63432 3

TSB American	90.0	95.8	-0.4	1.52
Do Accum	93.9	99.9	-0.8	1.52
TSB Extra Income	80.8	86.0	-2.6	6.63
Do Accum	87.1	94.1	+0.4	6.63
TSB General	118.2	125.7	+0.6	3.45
Do Accum	191.4	202.6	+1.1	3.45
TSB Gilt & Fxd Int	47.2	49.2	+0.1	9.41
Do Accum	58.1	60.6	+0.1	9.41
TSB Income	161.4	171.8	+0.9	5.13
Do Accum	242.4	259.0	+1.3	5.13
TSB Pacific	100.0	106.4	+0.3	0.62
Do Accum	102.5	109.1	+0.3	0.62
TSB International	272.4	254.7	-0.5	1.90
Do Accum	270.8	288.1	-0.6	1.90
TSB Natural Resources	44.5	47.4	-0.3	2.12
Do Accum	45.0	47.9	-0.2	2.12
TSB Slcd. Opps.	46.0	49.0	+0.1	2.56
Do Accum	49.5	52.7	+0.2	2.56

3i & Target Fund Mgrs Ltd
Target House, Gatehouse Road, Aylesbury, Bucks
Aylesbury (0296) 5941

Small Co's Fund	64.3	68.8	-0.7	0.10

Target Trust Mngrs. Ltd. (a)(g)
Target Hse, Gatehse. Rd, Aylesbury Bks — (0296) 5941

American Eagle	63.1	67.5	-0.2	0.28
Australia	30.5	32.6	+0.6	0.10
Commodity	87.3	94.1	—	1.94
Energy	37.9	40.5	—	0.33
Equity	98.5	105.1	+0.9	3.88
European Spec. Sits.	48.3	51.8	+1.9	0.64
Extra Income	88.2	94.3	-1.4	8.62
Financial	205.8	219.2	+1.0	2.60
Gilt Capital	222.5	232.9	+0.2	3.25
Gilt Income	99.5	104.2	-3.8	8.69
Gold Income	59.5	63.6	-0.6	1.84
Gold Acc.	108.6	116.1	-1.1	1.84
Income	58.9	63.3	+1.0	4.00
Japan	43.0	45.9	+0.2	0.10
Malaysia & Singapore	22.7	24.2	+0.1	0.67
Pacific Income	61.6	65.9	-0.5	0.51
Pacific Re Inv.	75.5	80.7	+0.2	0.51
Preference Share	15.7	16.9		

Allied Dunbar Assurance PLC
Allied Dunbar Ctr, Swindon SN1 1EL — 0793 28291

Ambassador Life Ass. Co. Ltd.
80 Holdenhurst Rd, Bournemouth BH8 8AL — 0202 292345

INSURANCE, OVERSEAS & MONEY FUNDS

Scottish Life Investments
19 St Andrew Square, Edinburgh 031 225 2211

Property	105.0	111.3	+0.1	
UK Equity	125.4	132.1	+1.1	
American	121.5	134.1	-1.4	
Pacific	95.5	100.7	-0.7	
European	123.0	129.5	+0.5	
International	112.7	110.7	-0.5	
Fixed Interest	105.1	110.6	+0.1	
Index Linked	102.9	100.4	+0.1	
Deposit	103.9	109.5		
Managed	112.0	110.0		
Pens. Property	109.4	115.0		-
Pens. US Equity	111.7	138.7	+1.6	-
Pens. American	133.5	140.4	-1.7	-
Pens. Pacific	97.5	102.7	-0.7	-
Pens. European	128.2	135.0	+0.4	-
Pens. International	117.4	123.7	-0.5	-
Pens. Fixed Int.	100.9	114.8	+0.2	-
Pens. Index Linked	105.9	111.5	+0.1	-
Pens. Deposit	110.3	116.2	+0.1	-
Pens. Managed	116.3	122.5		-

Scottish Mutual Assurance Society
109 St Vincent St, Glasgow. 041-248 6321

Flex End June 16	591.2	609.5		-
Pen Mngd June 28	406.4	419.0		-

Scottish Mutual Investments
109 St Vincent St., Glasgow. 041-248 6321

Safety Fund	98.1	103.3	+0.1	-
Growth Fund	95.8	100.9	+0.4	-
Opportunity Fund	94.7	99.7	+0.7	-
Cash Fund	96.5	101.6	+0.1	-
European Fund	99.3	104.6	+0.5	-
Gilts & Fxd Int Fund	100.6	105.9	+0.3	-
Index-Linked Fund	97.3	102.5		-
International Fund	91.6	96.5	+0.3	-
North American Fund	84.4	88.9	-0.1	-
Pacific Fund	93.2	98.2	+1.0	-
Property Fund	96.5	101.6		-
UK Equity Fund	95.4	100.5	+0.8	-
UK Smaller Cos. Fund	96.1	101.2	+0.8	-

Scottish Provident Institution
6 St Andrews Sq, Edinburgh. 031-556 9181

Mixed	116.1	122.3	+1.0	-
Equity	127.0	133.8	+0.4	-
International	114.5	120.6	-0.4	-
Property	113.2	119.3		-
Fixed interest	107.6	113.4	+0.3	-
Index-Linked	101.1	106.5		-

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Sun Life Unit Assurance Ltd.
St James Barton, Bristol BS99 1SL 0272 426911

Managed Acc	511.9	334.7	+0.5	
Property Acc	141.1	201.7	+0.1	
Equity Acc	442.5	465.9	-0.8	
Fixed Interest Acc	188.0	197.9	+0.3	
Index Linked Acc	104.8	110.4	+0.5	
Cash Acc	107.9	176.8		
American Equity Acc	175.8	185.1	+1.0	
U.S. Bond Acc	101.1	106.5	-0.1	
Japan Acc	109.9	115.1	+1.0	
Pacific Acc	105.4	111.0	+0.7	-
Far Eastern Acc	227.5	239.5	+7.4	-
International Acc	223.5	235.3	+1.9	-
U.S. Dollar Acc	97.3	100.5	-0.9	-
Yen Acc	94.6	99.6	-0.1	-
European Currency Acc	96.5	101.6	+0.1	-
Distribution	143.5	151.1	+0.8	9.97

Sun Life Pensions Management Ltd
(funds for individual pension contracts)

Pens. Managed Acc	317.7	334.5	+1.9	-
Pens. Property Acc	163.2	172.8	+0.1	-
Pens. Equity Acc	410.4	432.1	+0.7	-
Pens. F. Interest Acc	179.3	188.8	+0.5	-
Pens. Ind. Lnkd Acc	108.1	115.8	+0.2	-
Pens. Cash Acc	171.8	180.9		-
Pens. Amer. Equity Acc	140.8	148.3	+0.4	-
Pens. U.S. Bonds Acc	115.1	121.2	-0.1	-
Pens. Japan Acc	107.4	113.6	+1.9	-
Pens. Pacific Acc	130.6	137.5	+0.8	-
Pens. Far Eastern Acc	344.2	362.4	+5.9	-
Pens. Internat. Acc	290.0	305.9	+4.2	-
Pens. U.S. Dollar Acc	101.9	107.5	-0.8	-
Pens. Yen Acc	97.2	100.4	-0.7	-
Pens. Euro. Curr Acc	97.0	102.2		-

Swiss Life Pensions Ltd
99-101 London Rd, Sevenoaks. 0732-450161

Equity	£180.48	186.06		-
Fixed Int.	£134.69	135.36		-
Index Linked	£111.41	111.96		-
Property	£156.27	161.10		-
Cash	£121.11	121.11		-
Mixed	£166.40	171.54		-
International	£124.10	127.93		-

Next sub day Aug 21.

TSB Life Ltd
PO Box 3, Keens Hse, Andover SP10 1PG 0264 62188

Managed Fund	120.4	126.9	+0.3	-
Property Fund	109.8	115.7		-

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OFFSHORE AND OVERSEAS

[illegible]

World Fund S.A.
2 Boulevard Royal, Luxembourg

World Fund B&V	$11.58	-	+0.03

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$12.34	-	

Inv. Adv. M & G. Inv. Mngt. Ltd., London

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Advanced Tech	$9.27	
Dynamic Gwth Fd	$8.31	

Money Market Trust Funds

	Gross	Net	Gr Equiv. CAR	Int Cr
The Charities Deposit Fund 77 London Wall, London EC2N 1DB 01 588 1815				
Deposit	11.55	-		Mth
The Money Market Trust 63 Qn Victoria St EC4N 4ST 01 236 0952				
Call Fnd	11.40	8.59	12.22	Qtr
7-day Fnd	11.42	8.54	12.04	Mth
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE 01 236 1425				
Call Fnd	11.43	8.48	12.57	Mth
7-day Fund	11.56	8.67	12.59	Mth
Dollar	7.50			Mth
Money Mngt Acct	11.25	8.41	12.56	Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv. CAR	Int Cr
Adam & Co. plc 22 Charlotte Sq Edinburgh EH2 4DF 031-225 8454				
Full Service Chq Acc	11.25	0.00	11.49	Qtr
Aitken Hume 30 City Road, EC1Y 2AT 01-638 6010				
Treasury Acc	11.375	8.50	12.70	Qtr
Wth int Chq	11.25	0.41	12.68	Mth
Bank of Scotland 38 Threadneedle St, EC2P 2EH 01-628 8060				
Money Mkt Cheque Acc	11.00	8.23	12.15	Mth
Barclays Prime Account PO Box 125, Northampton 0604 252891				
High Int Cheque	11.0	0.25	12.32	Qtr
Britannia Investment Services Ltd. 29 Finsbury Circus, EC2M 5QL 01 588 2777				
Cater Allen	11.13	8.35	11.710	Mth
Charterhouse Japhet plc 1 Paternoster Row, EC4M 7DH 01-248 3999				
Sterling	11.13	8.33	12.34	Mth
U.S. Dollar	7.25	7.25	7.50	Mth
German Marks	4.75	4.75	4.85	Mth
Swiss Francs	1.50	1.50	1.51	Mth
Japanese Yen	5.00	5.00	5.12	Mth
Citibank Savings St Martins Hse, Hammersmith Grove 01-748 9251				
Cheque Plus		9.00	13.30	Qtr
Co-operative Bank Cheque & Save 78-80 Cornhill EC3 01-626 6543				
£500-£2,500	9.50	7.10	10.41	Qtr
£2,500+	12.00	8.97	13.36	Qtr
Dartington & Co Ltd				

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... rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers - compounded annual rate. Int Cr: frequency interest credited.

NOTES

[illegible]

OPTIONS
3-month call rates

Industrials	p		
Allied-Lyons	16	Marks & Spencer	11
BAT	32	Midland Bk	30
BOC Grp.	25	NEI	8
BSR	16	Nat West Bk	60
BTR	52	P & O Dfd	36
Babcock	14	Plessey	17
Barclays	48	Polly Peck	26
Beecham	32	Racal Elect	18
Blue Circle	45	RHM	11
Boots	15	Rank Org Ord	32
Bowaters	20	Reed Intnl	50
Brit Aerospace	33	Sears	8
Brit. Telecom	11	TI	20
Brown (J)	3	Tesco	20
Burton Ord	39	Thorn EMI	35
Cadburys	14	Trust Houses	13
Charter Cons.	18	Turner Newall	18
Comm Union	19	Unilever	85
Courtaulds	12½	Vickers	19
Debenhams	17½	**Property**	
Distillers	28	Brit Land	12
FNFC	8½	Cap Counties	18
Gen Accident	45	Land Secs	25
Gen Electric	17	MEPC	28
Glaxo	85	Peachey	22
Grand Met	25	Samuel Props	14
GUS 'A'	60	**Oils**	
Guardian	60	Brit. Oil & Min	4
GKN	17	Brit Petroleum	42
Hanson Tst.	17½	Burmah Oil	18
Hawker Sidd.	38	Charterhall	6
ICI	60	Premier	5
'Imps'	18	Shell	60
Jaguar	28	Tricentrol	18
Ladbroke	24	Ultramar	19
Legal & Gen	58	**Mines**	
Lex Service	28	Cons Gold	44
Lloyds Bank	45	Lonrho	14
Lucas Inds.	25	Rio T Zinc	56

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

Ivo Dawnay offers a possible end of term report on the EEC commission

Mr Andriessen 'must try harder'

Dear Euro-taxpayer/Farmer/Commodities trader,

Please find enclosed our end of term report on the European Commission's performance as manager of the Common Agricultural Policy (CAP).

As you know, this new Commission, since its formation in January, has made much of its "collegiate" qualities. It is therefore with some regret we must report that leaks of strongly divergent views between its 14-members have continued with increasing frequency in recent months.

The CAP accounts for more than 70 per cent of al Community expenditure. So, to some extent at least, the Commission's reputation rests on its achievements or otherwise in this crucial area.

Such are the intense social, political and financial pressures on the managers of the EEC's Ecu20bn (£11bn) farm budget that no Commission has satisfied all the different lobbies. Perhaps, the greatest achievement of this new administration is that it has succeeded in angering each of them almost equally —a sure sign that something is going right.

Nevertheless, we have had to acknowledge that the polarisation of opinion between the traditionalists, who are opposed to any substantial change in the CAP, and those seeking full-blown reforms, have necessitated the appointment of two teams of assessors, one representing each viewpoint.

They have conducted their widely-divergent reports on the four periods of the term: Farm Commissioner Frans Andriessen's January solution to the milk superlevy row between the Commission and member states; the annual price proposals for 1985-86; the prices negotiation; and the Green Paper on the future of the CAP.

It is perhaps revealing that their final conclusions are broadly the same. Here are their reports.

The January "superlevy" measures:

Traditionalists: "Mr Andriessen's decision to allow concessions to most member states on implementation of the superlevy was an encouragingly pragmatic approach that made a virtue out of necessity. Further pursuit of his predecessor, Poul Dalsager's aggressive threat to withold advance payments for milk if member states did not conform to the rules could have permanently soured relations with ministers from the outset of his tenure of the farm dossier."

Reforms: "A poor start. The Commission bowed to the first pressure it encountered, auguring badly for tougher issues to come. Despite impassioned promises that several of these concessions would end in the new farm year in April, they have since, as we feared, been continued."

Mr Frans Andriessen, EEC agriculture commissioner .... seven out of 10 for effort—four for achievement

The price package:

Trads: "An overall price rise of 0.3 per cent, in effect neutral, was far from adequate to maintain farmers' incomes—which is the Commission's legal duty under the Treaty of Rome. Penalisation of fruit and vegetable growers with cuts of up to 6 per cent was discriminatory in the extreme and there was no real efforts to boost exports, the obvious way to clear surpluses."

Reformers: "More of the same. A unique oportunity to use substantial price cuts to reduce costs and output has been missed. Furthrmore, the refusal to cut cereals price by the full 5 per cent morally required by the guarantee threshold agreement last year undermines a fundamental instrument for reform."

The price-fixing agreement

Trads: "Slowly, but surely Mr Andriessen appears to be learing the ropes—and the political problems that member states face. But his obstinacy has meant that the price fixing process has been more staccato even than usual. At last, however, he is beginning to take on board the farmers needs (and their political clout)."

Reformers: "The school bullies have got to the Commissioner and he's given them everything they wanted. It is a serious disappointment, and one wonders whether we must now abandon all our hopes of him.

"In particular, West Germany's totally unreasonable demand for no cereals price cuts has, in effect, been conceded, while a series of so-called 'fial' Commission compromises have given myriad concessions to everyone else in the meantime. Even the head boy, M Jacques Delors (President of the Commission) is said to be displeased."

The Green Paper

Trads: "The Commission still hasn't learnt that it is not farmers who are the problem, but how to maintain their incomes. The Paper ignores this by concentrating on how to contain costs and surpluses at the farmers expense.

"We will look at the forthcoming suggestions on direct income aids to the poorest with interest (and some scepticism). But why isn't there more on boosting exports and less concern over the threats by the U.S. of a trade war in third country markets. If they want a fight, we can give to them regardless of the cost."

Reformers: "Perhaps all is not yet lost. The Commission has at least now acknowledged the problems that face us—but, regrettably, instead of proposing a specific course of action prefers to offer only options.

"It is also distressing to hear that M Delors seems now to be siding with the tinkerers, thus casting Mr Andriessen in the improbable role of radical. Nevertheless, an encouraging effort to face the facts—alas, perhaps, too late."

Joint Conclusion

Despite coming from utterly different directions, our examiners after lengthy debate could agree to award the Commission seven out of 10 for effort but only four for achievement. Both also hoped that, in the absence of firm direction from the deeply divided farm ministers, a more cohesive, leadership role will be exhibited in the autumn term.

In short: "Could, and must, do better."

Rubber pact council cuts support prices

BY WONG SULONG IN KUALA LUMPUR

THE 33-nation International Natural Rubber Organisation (INRO) has decided on a full 3 per cent cut in the intervention prices for rubber after a marathon session which ended here early yesterday morning.

Agreement to cut prices was reached after Malaysia, the biggest producer, gave in to strong demands from consuming countries. As a compromise, the Inro council agreed to review the rubber situation including the price structure, at its next meeting here in October. An assessment paper on the market situation will be prepared by the Inro secretariat.

The new intervention prices for the buffer stock manager (BSM) are (old prices in brackets): must buy at 161 (166) Malaysian/Singapore cents a kilo; may buy at 171 (177) cents; may sell at 232 (239) cents; and must sell at 242 (249) cents.

In a brief statement, the Inro council said a 3 per cent price cut was provided under the rules once the BSM had accumulated more than 300,000 tonnes.

The 3 per cent price reduction will ease the immediate stock, which now totals around 320,000 tonnes.

But delegates from both producing and consuming countries expressed concern yesterday this week's meeting had solved none of the rubber agreement's fundamental problems.

Increasing supplies of rubber from South-East Asian countries in coming months could easily take the stockpile above 400,000 tonnes — possibly before the next Inro council meeting in October.

At this point the Organisation would be faced with the prospect of setting up a contingency stockpile of a further 150,000 tonnes, at possibly unacceptable cost to some members.

Malaysia had earlier proposed a suspension of buffer stock operations to allow the price to find its own level, but this was rejected by consumers, who argued that the price cut was the obvious answer to the current weakness in the rubber market.

Rubber prices have fallen by more than 20 per cent in the past 18 months, following plentiful supplies from South-East Asia, particularly Indonesia and Thailand, and only a marginal increase in world demand.

Later at a news conference, Mr Ahmad Farouk, head of the Malaysian team and controller of the Rubber Fund Board, expressed regret that consumers had come to the meeting with only the price-cut in mind, and had ignored the wider picture affecting the rubber industry.

He said the rapid build-up of the stockpile — from 270,000 to 320,000 tonnes within a matter of weeks — and the ineffectiveness of this heavy buffer stock buying, showed that Inro rules might be inadequate, and producers and consumers had to look seriously into future options.

● The Malaysian rubber market eased yesterday after an initial rise following the news from the Kuala Lumpur meeting, reports Reuter.

The cut in the absence from the market of the buffer stock manager for the sixth consecutive day caused prices to ease on profit-taking despite the purchase by China of another 500 tonnes of September rubber.

Inro's five-day moving average, meanwhile, dropped further to 164.43 Malaysian cents per kg.

Community plans to discuss dairy outgoers' scheme

BY IVO DAWNAY IN BRUSSELS

PLANS FOR a comprehensive package of financial aids to EEC farmers abandoning milk production are likely to be tabled by the European Commission in October as butter stocks again breach the 1m-tonne level

The so-called outgoers' scheme will be aimed at replacing the wide range of national programmes currently under way since punitive levies were introduced on surplus milk production last year.

Nevertheless, unofficial EEC assessments of current output suggests that the pace of reductions in national dairy production is slowing when figures for the Ten are taken together.

A fall of about 4.2 per cent last year may slow to between 1 and 2 per cent in 1985-86 according to one senior official. Furthermore, even if the 25.8m head dairy herd can be reduced by as much as 5 per cent, forecasts project that deliveries will continue at the current target of 98.5m tonnes a year due to growing yields per animal.

That would simply freeze the current level of the annual surplus at about 11m tonnes or approximately 14 per cent above demand. Butter stocks have now risen again to about 950,000 tonnes in Community stores, with tonnages in private hands taking that figure above 1m.

This means the controversial disposal of 250,000 tonnes of 18-month-old butter in a special sale to the Soviet Union last November—a move that provoked U.S. withdrawal from the International Dairy Arrangement—has now been made up by a new unsold output.

Details of the outgoers scheme have yet to be drawn up. But it is expected that the programme will be scheduled to come into force at the end of next year.

Meanwhile, a number of practices and proposals in several member states are being pursued by Commission officials. A plan by the UK's Ministry of Agriculture to allow farmers withdrawing from dairy production to "lease" their quota allocations to others has been deemed illegal in a letter from Brussels to Mr Michael Jopling, the Farm Minister.

Several member states are also certain to push for the permanent incorporation of the regional balancing of quotas into the new milk rules. This practice, originally banned under the "superlevy" regulations, but later authorised until March next year, allows over-quota production in one area to be set against under production elsewhere.

Critics of the rule-change claim that this removes the incentive for individual farmers to cut back their output.

U.S. non-farm option trading to continue

By Nancy Dunne in Washington

THE U.S. Commodity Futures Trading Commission (CFTC) has agreed to the continuation of trading in the non-agricultural options which it policies beyond October 1, the expiry date of the first phase of its option pilot programme.

In the meantime the Commission has asked for comments on extending or ending the pilot status of the programme; increasing beyond five the limitation on the number of options which can be traded on each exchange; and several rule changes on options trading, now under consideraion

Denmark to seek bigger herring catch quota

BY HILARY BARNES IN COPENHAGEN

DENMARK IS to press for a higher North Sea herring catch in 1986 and for freedom to decide whether its quota is used for conversion to fishmeal or for human consumption.

The announcement by Mr Henning Grove, the Danish fisheries minister, follows clashes between Jutland fishermen and fisheries inspectors and a fishing strike

The fishermen have complained that there is so much herring in the North Sea that they are unable to catch brisling, used for fishmeal production, without risking heavy fines.

However, they decided to halt their fishing strike after discussions with the minister.

● Sea Farm Trading of Bergen has landed a NKr 14m (£1.28m) order from the Soviet Union for a complete salmon farm, including hatchery and freshwater tanks for baby salmon and seawater facilities for raising the fish to maturity, writes Fay Gjester in Oslo.

Signed this week at the Aquanor Trade Fair in Trondheim, it is the first aquaculture export deal concluded with the USSR by a Norwegian company.

LONDON MARKETS

LONDON'S COMMODITY markets were generally quiet yesterday.

Despite sterling's firmness coffee futures moved modestly higher encouraged by a firmer trend in New York and rising internal prices in Brazil.

Cocoa futures ended unchanged to a little lower having been propped up by firmness in New York and signs of underlying physical demand for West African supplies.

Sugar values slipped back a few dollars reflecting the recent drying up of Indian buying.

On the London Metal Exchange the only substantial movement was in zinc which ended £11 down for cash metal at £523.50 a tonne in response to news that workers at Peru's Centromin had postponed strike action, scheduled to begin yesterday, till the end of the month.

LME prices supplied by Amalgamated Metal Trading

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	730.5 2.5	-7.0	730/728
3 months	754-5.1	-6.5	755/750

Official closing (am): Cash 727.5-8 (735.5-6), three months 750-.5 (757.5-8), settlement 728 (736). Final Kerb close: 751-2. Turnover: 18,100 tonnes.

COPPER

Higher grade	Unoffic'l close	+ or —	High/low
Cash	1025-4.	+2.75	1022/1021.5
3 months	1048 9	+5.25	1051/1048

Official closing (am): Cash 1021.5-2 (1023 5-4 5), three months 1046-.5 (1047.5-8), settlement 1022 (1024.5). Final Kerb Close: 1045-6.

Cathodes			
Cash	995 7	+0.5	—
3 months	1025 7	+3.5	—

Official closing (am): Cash 993-5 (997 5-8, three months 1033-4 (1023-5), settlement 995 (998). Turnover: 55,800 tonnes. U.S. producer prices 66.00-69.50 cents per pound.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	299-300	-5.5	299/298.25
3 months	297-8	-1.0	300/298

Official closing (am): Cash 298-.5 (303-4), three months 297-.5 (301-2), settlement 298.5 (304). Final Kerb close: 298-9. Turnover: 8,275 tonnes. U.S. Spot: 19.00 cents per pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	3535-40	-25.5	—
3 months	3590-5	-37.0	3590/3580

Official closing (am): Cash 3500-5 (3665-70), three months 3570-5 (3628-9), settlement 3505 (3670). Final Kerb close: 3585-90. Turnover: 600 tonnes.

ZINC

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	523-4	-11	521/520
3 months	528 9	-9.0	533/526

Official closing (am): Cash 520-.5 (534-6), three months 526-7 (535-8), settlement 520.5 (536). Final Kerb close: 528-9. Turnover: 5,700 tonnes. U.S. Prime Western: 41.00-41.75 cents per pound.

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

METALS	Aug 15 1985	+ or —	Month ago
Aluminium	£1100		£1100
Free Mkt	$1070/080		$1080/090
Copper			
Cash h Grade	£1023.0	+9.75	£1061
3 mths	£1048.5	+3.25	£1056.75
Gold Troy oz	$331	+4.75	$326.75
Lead Cash	£299.5	-5.5	£298.5
3 mths	£297.5	-1	£298.75
Nickel			
Free Mkt	222/242c	-3	250/280c
Palladium oz	$104.75	+1.5	$94.25
Platinum oz	$302.50	+5.85	$271.25
Quicksilver†	$290/300		$285/295
Silver troy oz	401.20p	-1.15	439.05p
3 months	463.20p	-1.35	451.50p
Tin cash	£9120.5	-31.5	£9101
3 months	£9080.0	-36	£9080.5
Tungsten	$71.85		$67.49
Wolfram 22.0lb	$65/70		$58/62
Zinc	£523.5	-11	£548
3 months	£528.5	-9	£526.5
Producers	$850		$850

OILS	Aug. 15 1985	+ or —	Month ago
Coconut (Phil)	$465x	-12.5	$540
Palm Malayan	$415y		$455
SEEDS			
Copra Phil	$325x		$335
Soyabean (U.S.)	$217x	+1	$231.5
GRAINS			
Barley Fut. Nov.	£102.30	+0.70	£101.49
Maize	£133.40		£141.00
Wheat Fut. Nov.	£101.55	+0.25	£101.60
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. Dec.	£1717.5		£1663.5
Coffee Ft. Nov.	£1722	+7.0	£1075.5
Cotton A Index	56.80c		60.90c
Gas Oil Oct.	$231.70	+5	$217.5
Rubber (kilo)	62.5p	-0.5	65p
Sugar (raw)	$123.5x	+1	$95.5
Wooltops 64s	428p kilo	-4	438p kilo

‡ Unquoted. x Aug-Sept. w Sept. † Per 76 lb flask. c Cents per pound.

TIN

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/low for day
Cash	9120-1	-31.5	—
3 months	9085-90	-21.0	—

Official closing (am): Cash 9115-20 (9151-3), three months 9085-7 (9120-5), settlement 9120 (9153).

Standard			
Cash	9120-1	-31.5	—
3 months	9080-1	-36.5	9185/9080

Official closing (am): Cash 9115-20 (9161-2), three months 9081-2 (9115-6), settlement 9120 (9152). Final Kerb close: 9080-1. Turnover: 1,775 tonnes. Straits tin $m 30.80 (30.83) kilo.

GOLD

Gold rose $4.75 an ounce from Wednesday's close in the London bullion market yesterday to finish at $330¾-331¼. The metal opened at $327¾-328¼ and traded between a high of $333½-334 and a low of $327¾-328¼. The dollar's weakness and the absence of any resistance at $330 pushed gold to its day's highs and dealers suggested a more bullish tone should the dollar continue to fall.

GOLD BULLION (fine ounce) Aug. 14

Close	$330¾-331¼	(£237-237½)
Opening	$327¾-328¼	(£235¼-235¾)
M'ni'g fix	$328.90	(£235.816)
Aft'n'n fix	$331.10	(£237.399)

GOLD AND PLATINUM COINS

Kr'g'r'nd	$334-334½	(£239½-240)
½ Krug.	$176¾-170½	(£130-126½)
¼ Krug.	$89¼-90	(£64-64½)
1/10 Krug.	$36¼-37	(£26-26½)
Mapleleaf	$341-341¾	(£244¼-245)
New Sov.	$78¼-79	(£56-56½)
½ New Sov	$47¼-47¾	(£33¾-34¼)
Old Sov.	$79½-81	(£57-58)
$20 Eagle	$480-550	(£344-390)
Noble Plat	$312½-310½	(£224-296)

SILVER

Silver was fixed 1.1p an ounce lower for spot delivery in the London bullion market yesterday at 451.2p. U.S. cent equivalents of the fixing levels were: spot 630.3c, up 4.3c; three-month 642.15c, up 4.2c; six-month 655.05c, up 4.35c; and 12-month 682.85c, up 4.95c. The metal opened at 452-455p (630-633c) and closed at 450-453p (629-632c).

SILVER per troy	Bullion Fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	451.20p	-1.15	451s	-1.25
3 months	463.20p	-1.30	463.75p	-0.75
6 months	474.80p	-1.35	—	—
12 months	498.35p	-1.30	—	—

LME—Turnover: 72 (9) lots of 10,000 oz.

Three months high 466, low 464.

GRAINS

Wheat and barley recovered the previous day's losses gradually. Weather conditions continue to cast uncertainty over the quality of the harvest, reports Muirpace.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterdy's close	+ or —
Sept	98.00	+0.25	98.60	+0.65
Nov	101.60	+0.25	102.30	+0.70
Jan	105.30	+0.30	105.85	+0.65
Mar	108.55	+0.25	108.85	+0.70
May	112.10	+0.30	111.85	+0.75
July	114.85	+0.25	—	—

Business done—Wheat: Sept 98.60 only, Nov 101.55-1.30, Jan 105.30-5.20, March untraded, May 112.15 only, July untraded. Sales: 87 lots of 100 tonnes. Barley: Sept 98.50-7.85, Nov 102.30-1.80, Jan 105.90-5.40, March and May untraded. Sales: 175 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. dark northern spring No 1 15 per cent, Sept 119.70, Oct 120.95, Nov 122.60, Dec 124.25 sellers transhipment East Coast. U.S. No 2 soft red winter, Sept 107.50, Oct 109, Nov 110.75, Dec 112.50 sellers. EC spot 116.50. English feed fob Sept 98.50 paid Boston, Oct 102.50, Oct/Dec 104, Jan/March 110, April/June 114.75 sellers East Coast. Maize: U.S. No. 3 yellow/French transhipment East Coast, Aug 133.40, Oct/Dec 130.00 sellers. Barley: English feed fob, Aug 98.50 paid East Coast. Aug 98.50-99.00, Sept 100, Oct/Dec 105 sellers East Coast. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: S East 94.80, S West 93.80, W Mids 91.60, N East 91.10. The UK monetary coefficient for the week beginning Monday August 19 will remain unchanged at 0.984.

COCOA

Futures traded in a narrow range, closing almost unchanged. Origins and manufacturers were inactive in a quiet trading session, reports Gill and Duffus.

COCOA	Yesterday's Close £ per tonne	+ or —	Business Done
Sept	1710-1711	-4.0	1718-1708
Dec	1717-1718	—	1727-1712
Mar	1728-1730	-3.0	1739-1725
May	1743-1746	-3.0	1758-1741
July	1757-1758	-5.0	1765-1757
Sept	1768-1769	-4.0	1774-1768
Dec	1774-1775	—	1779-1774

Sales: 2,050 (1,833) lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound). Daily price for August 15: 104.18 (101.89): five-day average for August 15: 102.51 (101.89).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 100 tonnes. Mixed operations indicated some fresh involvement among spinners. Activity centred on Pakistani growths.

INDICES

FINANCIAL TIMES

Aug. 14	Aug. 13	M'th ago	Year ago
254.88	252.85	267.05	292.06

(Base: July 1 1952 = 100)

REUTERS

Aug. 15	Aug. 14	M'th ago	Year ago
1698.0	1699.8	1698.0	1869.0

(Base: September 18 1931 = 100)

DOW JONES

Dow Jones	Aug. 14	Aug. 13	Month ago	Year ago
Spot	114.70	114.49	—	131.85
Fut.	115.37	114.52	—	130.01

(Base: December 31 1974 = 100)

COFFEE

Despite steadier sterling, the market opened relatively steady at £5-8 lower, reports Drexel Burnham Lambert. Commission house buying kept prices firm during a fairly active afternoon before late dealer selling and profit-taking trimmed gains at the close.

COFFEE	Yesterday's Close	+ or —	Business Done
Sept	1688-91	+10.5	1698-71
Nov	1720 24	+7.0	1735-06
Jan	1748 50	+9.0	1770-43
March	1770 80	-3.0	1792 79
May	1785-90	-12.0	1801.00
July	1790-00	-30.0	1825.20
Sept	1820 30	-20.0	—

Sales: 2,890 (3,438) lots of 5 tonnes.

ICO indicator prices (U.S. cents per pound) for August 14: Comp daily 1979 120.44 (119.38): 15-day average 117.98 (117.65).

SUGAR

LONDON DAILY PRICE—Raw sugar $123.50 (£88.50), up $1.00 (unchanged) a tonne for Aug-Sept delivery.

Prices drifted lower in relatively quiet conditions. The easier tone was attributed to a lack of fresh news, reports C. Czarnikow.

No. 6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
Oct	118.8-120.8	125.8-125.4	120.8-118.8
Dec	123.8-124.0	128.8-129.2	123.8-122.8
Mar	132.8-133.0	137.4-137.5	137.8-132.8
May	136.4-136.2	140.2-140.5	140.8-136.0
Aug	140.2-141.2	144.0-145.0	—
Oct	142.8-146.2	148.8-149.8	147.5

Sales: 2,635 (3,277) lots of 50 tonnes.

Tate & Lyle delivery price for granulated basis sugar was £193.00 (same) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports.) Prices for Aug 14: Daily price 4.46 (4.33): 15-day average 4.33 (4.27).

SOYABEAN MEAL

The market opened 50p down, reports T. G. Roddick. Prices remained within narrow ranges but firmed on the close with commission house buying.

	Yesterday close £ per tonne	+ or —	Business Done
August	—	—	—
October	112.5-113.0	+0.75	111.7-111.5
Dec	116.0-116.4	+0.75	116.0-115.5
Feb	120.5-121.1	+0.80	121.0-120.0
Apr	121.6-122.5	+0.30	—
June	122.5-123.5	+0.50	—
August	124.5-126.3	+0.50	—

Sales: 66 (813) lots of 20 tonnes.

RUBBER

The London physical market opened about unchanged, met considerable selling pressure throughout the day and closed easier, reports Lewis and Peat. Closing prices (buyers): spot 62.50p (63.00p): September 58.50p (58.75p); October 58.50p (58.75p).

OIL

Brent firmed 15-20c through the day even before news of the attack on Kharg Island added momentum. At 1.30 pm EDT Nymex was trading 22c up for September. In the petroleum products markets gas oil firmed by $2-3 with forward periods attracting active speculative trade. Gasoline firmed on buying talk from traders. Heavy fuel oil prices firmed on strong bunkering demand and signs of early winter restocking programmes — Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—Sept.		
Arab Light	27.40-27.45	—
Arab Heavy	25.25-25.35	—
Dubai	26.25-26.35	+0.05
Brent Blend	27.15-27.25	+0.175
W.T.I. (1pm est)	27.85-27.90	+0.15
Forcados (Nigeria)	27.35-27.40	—
Urals (cif NWE)	26.25-26.45	+0.025
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	265-267	-1
Gas Oil	237-238	+0
Heavy fuel oil	138-141	+1.5
Naphtha	243-245	+5

* August.

Petroleum Argus estimates

GAS OIL FUTURES

Month	Yest'day's Close	+ or —	Business Done
	$ U.S. per tonne		
Sep	233.50	+2.50	234.25-31.75
Oct	231.75	+2.00	232.25-30.00
Nov	231.75	+1.75	232.25-29.50
Dec	232.00	+2.00	232.25-31.00
Jan	231.25	+2.50	—

Turnover: 1,789 (1,716) lots of 100 tonnes.

POTATOES

The market opened unchanged, but short-coverings, sparked by concern over the development of main-crop and forecasts of continued unsettled weather, rapidly firmed prices. Stop-loss buying orders were triggered and a scramble to cover sales pushed prices still higher. The physical market remains oversupplied and under pressure forcing the PMB to continue its intervention, reports Coley and Harper.

Sales: 638 (143) lots of 40 tonnes.

Month	Yesterday's close	Previous close	Business Done
	£ per tonne		
Nov	67.80	65.90	68.00-66.50
Feb	65.30	63.50	—
Apr	76.90	73.90	77.00-75.70
May	88.50	79.20	82.50-79.20

PIGMEAT

Sellers became more willing as sentiment weakened across the board, reports CCST Commodities.

Month	Yesterdays close	Previous close	Business done
	p. per kilo (deadweight)		
Oct	110.50	111.40	111.0-110.5
Nov	111.00	111.60	111.9
Feb	101.00	101.00	101.2
April	100.90	101.00	—
June	100.50	101.00	101.1
Aug.	100.20	100.10	—

Sales: 16 (15) lots of 50 carcases, 3,250 kg.

FREIGHT FUTURES

The market opened 10 points up but there was no fundamental news to promote the rise. However, a gradual increase in values developed due to buying in a very thin market.

	Close	High/Low	Prev
Oct.	831/832	835/824	813/818
Jan.	900/902	902/895	885/887
April	945/946	—	935/940
July	870	—	860/880
Oct.	920/990	—	940/970
Jan.	940/1000	—	980/1000
April	1010/1050	—	1020/1055
July	990/990	—	990/980

Turnover: 139 (70).

U.S. MARKETS

THE LACK of substantive reforms in South Africa prompted good buying interest in gold while silver showed only modest gains, reports Heinold Commodities. Copper was steady reflecting the postponement of a planned strike in Peru. Sugar weakened on good selling linked to a slow down in Far Eastern demand. Cocoa firmed on continuing concern over pod rot in Brazil. Coffee remained steady despite reports of dry conditions in the coffee areas of Brazil. Cotton moved modestly higher reflecting concern that hurricane "Danny" might affect new crop prospects. Heating oil traded erratically because of unconfirmed claims that Iraq destroyed the Kharg Island terminal of Iran. Energy markets were generally higher on continued tight spot supplies. Grains and soyabeans gained ground as profit-taking and cyclically orientated technical buying generated good interest on the long side

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
Aug	45.10	—	—	45.15
Sept	45.30	40.50	40.15	45.35
Oct	45.65	—	—	45.70
Dec	46.35	46.45	46.25	46.40
Jan	46.70	—	—	46.70
March	47.40	47.70	47.40	47.45
May	48.10	—	—	48.15
July	48.80	—	—	48.85
Sept	49.50	—	—	49.55
Jan	50.50	—	—	50.95

COCOA 10 tonnes, $/tonnes

	Latest	High	Low	Prev
Sept	2107	2109	2098	2098
Dec	2107	2109	2168	2159
March	2210	2220	2210	2204
May	2238	2240	2233	2225
July	2245	2245	2243	2238
Sept	2262	2265	2250	2260
Dec	2325	—	—	2287

COFFEE "C" 37,000 lb, cents/lb

	Close	High	Low	Prev
Sept	135.04	135.70	135.00	135.60
Dec	127.71	139.35	137.70	138.32
March	138.80	140.10	136.60	139.27
May	139.28	140.40	138.50	139.85
July	139.85	—	—	140.70
Sept	139.25	—	—	139.88
Dec	138.00	—	—	139.50

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
Aug	61.35	—	—	61.30
Sept	61.55	61.95	61.30	61.55
Oct	61.95	—	—	61.95
Dec	62.75	63.20	62.50	62.80
Jan	63.05	—	—	63.10
March	63.70	64.15	63.50	63.75
May	64.20	64.70	64.45	64.25
July	64.70	65.00	64.80	64.75
Sept	65.20	65.40	65.20	65.25
Dec	65.55	—	—	66.00

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
Oct	58.90	59.00	58.62	58.70
Dec	59.44	59.48	59.10	59.13
March	60.40	60.60	60.15	60.05
May	60.73	60.75	60.20	60.20
July	60.43	60.35	60.01	59.90
Oct	55.35	55.70	55.50	55.35
Dec	54.843	54.60	54.15	54.40

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

	Latest	High	Low	Prev
Sept	28.04	28.07	27.82	27.73
Oct	27.57	27.58	27.38	27.24
Nov	27.26	27.30	27.02	26.96
Dec	27.06	27.09	26.79	26.75
Jan	26.87	26.88	26.50	26.53
Feb	26.54	26.64	26.31	26.31
March	26.40	26.43	26.00	26.09
April	25.95	26.10	25.88	25.86
May	25.84	25.84	25.55	25.63
June	25.60	25.60	25.42	25.44

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Aug	332.9	334.5	331.3	326.8
Sept	334.3	334.5	332.5	328.1
Oct	336.2	338.0	333.0	330.0
Dec	340.4	342.0	338.5	334.2
Feb	344.7	346.0	341.4	338.5
April	349.1	349.0	346.0	342.9
June	354.0	353.0	350.5	347.7
Aug	358.9	359.5	358.9	362.8
Oct	364.0	366.0	363.5	357.7
Dec	369.2	—	—	362.9
Feb	374.8	375.0	373.0	368.3
April	380.1	—	—	373.8
June	385.5	—	—	379.5

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Latest	High	Low	Prev
Sept	74.50	74.50	73.90	73.90
Oct	75.30	76.35	74.65	74.61
Nov	75.90	75.90	75.40	75.20
Dec	76.45	76.45	75.85	70.69
Jan	76.75	76.75	76.25	76.05
Feb	70.00	76.00	75.45	75.[illegible]
March	72.85	72.85	72.70	72.50
April	70.50	70.50	70.50	70.25
May	68.90	—	—	68.65

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
Sept	134.00	134.75	133.20	133.10
Nov	130.00	161.00	129.75	129.80
Jan	127.50	128.25	127.50	127.30
March	126.75	127.40	127.00	126.80
May	128.00	126.75	126.30	126.30
July	126.00	—	—	126.30

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Aug	305.0	306.0	305.0	296.3
Oct	305.0	307.0	302.5	298.1
Jan	307.0	310.0	305.0	300.8
April	310.0	312.0	309.0	303.3
July	315.0	315.0	314.0	307.8
Oct	320.3	—	—	313.1

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Aug	631.3	—	—	629.5
Sept	633.0	642.0	629.5	632.0
Oct	637.9	646.0	646.0	636.4
Dec	646.2	655.0	642.0	644.7
Jan	650.9	660.0	656.0	648.4
March	659.0	668.0	657.0	657.6
May	668.7	—	—	666.9
July	678.5	685.0	680.0	676.5
Sept	688.0	695.0	691.0	686.7
Dec	705.0	712.0	705.0	702.5

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
Sept	4.16	4.32	4.16	4.38
Oct	4.32	4.90	4.31	4.53
Jan	4.66	5.40	4.70	4.75
March	4.88	5.09	4.84	5.06
May	5.05	5.24	5.01	5.24
Sept	5.32	—	—	5.45
Oct	5.50	5.70	5.48	0.70

CHICAGO

LIVE CATTLE 50,000 lb, cents/lb

	Close	High	Low	Prev
Aug	56.30	55.72	55.15	55.10
Oct	57.15	57.87	57.10	56.87
Dec	58.52	58.75	58.50	58.40
Feb	59.20	59.90	59.15	59.12
April	60.00	60.70	60.00	60.00
June	61.05	61.45	61.00	61.80
August	60.02	60.25	60.02	59.80

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
August	43.80	44.05	43.75	43.47
Oct	38.20	38.50	37.90	37.67
Dec	40.80	41.12	40.40	42.32
Feb	42.27	42.70	42.00	41.75
April	39.30	39.47	39.05	38.85
June	42.05	42.45	42.00	41.90
July	42.72	42.85	42.50	42.45
August	41.12	41.12	41.12	40.80
Oct	39.10	39.40	39.10	39.25

MAIZE 5,000 bu min, cents/56 lb-bushel

	Close	High	Low	Prev
Sept	234.4	235.0	231.2	230.2
Dec	227.4	227.8	225.2	224.5
March	235.6	236.0	233.5	233.2
July	240.2	241.4	238.2	237.4
May	240.0	240.0	237.5	237.4
Sept	230.4	231.2	228.5	228.0
Dec	228.0	228.0	228.0	225.4

SOYABEANS 5,000 bu min, cents/60 lb-bushel

	Close	High	Low	Prev
August	532.6	534.0	528.0	529.4
Sept	521.2	521.0	516.8	516.2
Nov	524.5	525.0	519.4	520.2
Jan	532.4	533.0	528.4	528.0
March	542.0	542.0	538.0	537.4
May	548.4	549.0	545.0	544.0
July	551.6	552.0	547.4	546.8
August	546.0	546.0	542.0	542.0
Nov	541.0	541.0	536.0	535.0

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
August	23.57	23.62	23.02	23.12
Sept	23.50	23.55	23.00	23.09
Oct	23.37	23.38	22.82	23.03
Dec	23.31	23.38	22.92	23.05
Jan	23.40	23.40	23.06	23.15
March	23.60	23.70	23.30	23.50
May	23.50	23.80	23.40	23.63
July	23.80	23.80	23.35	23.50
August	23.45	23.60	23.45	23.36

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
August	124.5	124.5	123.3	123.2
Sept	125.4	125.7	124.6	124.0
Oct	126.9	127.2	125.7	125.4
Dec	129.9	130.4	128.0	128.7
Jan	131.3	131.3	130.6	130.5
March	134.0	134.0	133.5	133.0
May	135.0	135.5	136.0	134.5
July	137.0	137.5	137.0	137.0
August	137.5	—	—	137.5
Sept	139.5	139.5	139.5	139.5

WHEAT 5,000 bu min, cents/60 lb-bushel

	Close	High	Low	Prev
Sept	298.2	298.4	295.0	294.2
Dec	311.0	311.0	307.0	306.0
March	315.0	315.8	310.8	311.0
May	304.4	305.0	301.4	300.6
July	282.0	282.0	280.2	280.0
Sept	285.0	—	—	283.0

OTHER MARKETS

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Oct 611.0, 615.0, nil; Dec 616.0, 620.0, nil; March 623.0, 626.0, 623.5; May 630.0 buyer only. 630.0; July 633.0, 638.0, 633.0; Oct 623.0, 633.0, nil; Dec 627.0, 638.0, nil; March 636.0, 643.0, nil. Sales: 25.

ROTTERDAM

WHEAT—(U.S. $ per tonne): U.S. two soft red winter, Sept 131, Oct 133, Nov 136.50, Dec 137.50. U.S. northern spring 14 per cent protein, Sept 148, Oct 151, Nov 154, Dec 157. U.S. northern spring 15 per cent protein, Sept 160, Oct 162, Nov 165, Dec 168. U.S. three hard amber durum, Aug 159, Sept 157, Oct 160, Nov 165, April/May 170, June 171. Canadian one western red spring 13.5 per cent, Sept 158, Oct 162. Canadian one western amber durum, Oct 178, mid-Nov/mid-Dec 184, April/June 182.

MAIZE—(U.S. $ per tonne): U.S. three yellow, afloat 120-118, Aug 116, Sept 113.75, Oct/Dec 110, Jan/March 112, April/June 114 sellers. Argentine Plate: afloat 126, mid-Aug/mid-Sept 128, Sept 129, March 116, April/June 115.

MEAT

SMITHFIELD—Pence per pound. Beef: Scottish Killed Sides 77.0 to 82.0; English Forequarters 53.5 to 58.0; Ulster Hindquarters 86.0 to 90.0, Forequarters 53.5 to 58.0. Veal: Dutch Hinds and Ends 139.0 to 144.0. Lamb: English Small 74.0 to 78.0, Medium 72.0 to 74.0, Heavy 68.0 to 70.0; Scottish Heavy 67.0 to 69.0; Imported: New Zealand PL 64.5 to 65.5, PX 64.0 to 65.0. Pork: English under 100 lb 50.0 to 57.0, 100-120 lb 51.0 to 58.0, 120-160 lb 50.0 to 53.0.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 96.10p per kg lw (−0.79). GB—Sheep 182.49p per kg est dcw (−3.64). GB—Pigs 80.05p per kg lw (−0.84).

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar shows weaker trend

The dollar finished above the day's lows against other major currencies yesterday but still showed losses compared with Wednesday's levels. News of a 0.2 per cent rise in U.S. industrial production was much in line with expectations and failed to dispel the dollar's bearish undertone. The market is looking towards next week's revised second quarter U.S. GNP announcement with provisional estimates suggesting a further downward revision from the last revision which showed a growth rate of 1.7 per cent. This in turn represented a sharp downward move from an original second quarter flash estimate which suggested a growth rate of 3.1 per cent.

The dollar was well offered in early trading and retreated quickly until meeting resistance around the DM 2.76 level. This resulted in a small recovery back up to DM 2.77 before it fell back in quiet trading around the start in New York. It continued to fluctuate during the afternoon finishing on a downward trend at DM 2.7630, its lowest closing level since June 1984 and down from DM 2.7890 on Wednesday. Significantly much of the impetus to push the dollar lower came from European centres whereas previously Europe had tended to follow the U.S.

A fall in West German discount and Lombard rates was widely expected and had little initial impact. Elsewhere the dollar fell to SwFr 2.2850 from SwFr 2.3010 and Y237.05 compared with Y237.85. Against the French franc it fell to FFr 8.4425 from FFr 8.5325. On Bank of England figures, the dollar's exchange rate index fell from 137.0 to 136.5, equal to its worst level since August 1984.

STERLING — Trading range against the dollar in 1985 is 1.4290 to 1.0525. July average 1.3783. Exchange rate index 81.9 after a best level of 82.1 and an opening of 82.0 and compared with 81.7 on Wednesday and 71.4 six months ago.

Sterling benefited from the dollar's weaker trend, finishing at $1.3955-1.3965, a rise of 1.1 cents from Wednesday. It was unchanged against the D-mark however at DM 3.8550 and weaker in terms of the Swiss and French francs at SwFr 3.16 and FFr 11.7850 from SwFr 3.18 and FFr 11.79 respectively. Against the yen it rose to Y331 from Y329.

D-MARK — Trading range against the dollar in 1985 is 3.4510 to 2.7630, July average 2.9134. Exchange rate index 126.8 against 119.2 six months ago.

The dollar was fixed at DM 2.7687 at yesterday's fixing in Frankfurt, down from DM 2.7980 on Wednesday and there was no intervention by the Bundesbank. A reduction of half a point in the West German discount rate to 4.5 per cent had already been discounted while news of a 0.2 per cent rise in U.S. industrial production was also much in line with expectations. Consequently the dollar failed to recover from an early downward trend and dealers were still looking for a weaker dollar. The dollar closed at DM 2.7670 odwn from DM 2.7940 on Wednesday.

STERLING INDEX

	Aug 15	Previous
8.30 am	82.0	81.7
9.00 am	82.1	81.5
10.00 am	82.1	81.7
11.00 am	82.0	81.7
Noon	82.0	81.7
1.00 pm	82.0	81.7
2.00 pm	82.0	81.8
3.00 pm	81.9	81.7
4.00 pm	81.9	81.7

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu August 15	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.8320	45.1150	+0.63	+0.84	±1.5425
Danish Krone	8.12857	8.05078	−0.96	−0.75	±1.6421
German D-mark	2.23840	2.22397	−0.64	−0.43	±1.1455
French Franc	6.86402	6.80385	−0.88	−0.67	±1.3654
Dutch Guilder	2.52208	2.50232	−0.78	−0.57	±1.5162
Irish Punt	0.724578	0.716044	−1.19	−0.97	±1.6673
Italian Lira	1520.60	1492.70	−1.83	−1.83	±4.0856

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

	Aug. 15	Prev. close
£ Spot	$1.3935-1.3945	$1.3890-1.3880
1 month	0.43-0.41 pm	0.43-0.42 pm
6 months	1.10-1.06 pm	1.10-1.07 pm
12 months	2.70-2.60 pm	2.71-2.91 pm

Forward premiums and discounts apply to the U.S. dollar

POUND SPOT—FORWARD AGAINST POUND

August 15	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.3895-1.3990	1.3955-1.3965	0.43-0.40c pm	3.57	1.11-1.06 pm	3.11
Canada	1.8865-1.8930	1.8900-1.8930	0.45-0.35c pm	2.57	1.08-0.96 pm	2.18
Nethlnd.	4.33¼-4.36	4.34-4.35	2¼-1⅞c pm	5.52	5⅞-5⅝ pm	5.29
Belgium	78.02-78.51	78.15-78.25	19-8c pm	2.07	35-17 pm	1.33
Denmark	13.95½-13.98½	13.96½-13.97½	3½-2½ ore pm	2.56	9⅞-6¾ pm	2.67
Ireland	1.2407-1.2453	1.2415-1.2425	0.17-0.02 p pm	0.92	0.39-0.11 pm	0.81
W. Ger.	3.85-3.88½	3.85-3.86	2¼-2⅛ pf pm	7.20	6½-6¼ pm	6.91
Portugal	227¼-230½	228-230	65-420c dis	−12.71	440-1490dis	−16.86
Spain	227¼-228	227½-228	60-215c dis	−7.24	235-520 dis	−5.63
Italy	2578¾-2593¾	2585½-2586½	1-6 lire dis	−1.62	11-18 dis	−2.24
Norway	11.40½-11.44	11.42-11.43	¼-1½ ore dis	−1.18	3⅞-4½ dis	−1.33
France	11.76¾-11.83¾	11.78-11.79	⅞c pm-⅛ dis	−0.38	1⅞-3⅞ dis	−0.85
Sweden	11.52-11.54½	11.53½-11.54½	3½-4½ ore dis	−4.03	10½-11⅜ dis	−3.86
Japan	330¾-331½	330½-331½	1.56-1.46y pm	5.47	4.05-3.91 pm	4.91
Austria	27.10-27.18	27.13-27.12	15½-13½ gro pm	6.38	40½-36 pm	5.68
Switz.	3.15½-3.18½	3.15½-3.16½	2-1⅞c pm	7.36	5½-5 pm	6.57

DOLLAR SPOT—FORWARD AGAINST DOLLAR

August 15	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.3895-1.3990	1.3955-1.3965	0.43-0.40c pm	3.57	1.11-1.06 pm	3.11
Ireland†	1.1165-1.1255	1.1240-1.1250	0.30-0.20c pm	2.67	0.75-0.55 pm	2.32
Belgium	—	55.95-56.05	0.10-0.13c dis	−1.02	0.30-0.35dis	−0.56
Canada	1.3538-1.3554	1.3540-1.3550	0.52-0.49c pm	1.86	1.72-1.68 pm	2.18
Nethlnd.	3.1025-3.1300	3.1110-3.1120	5-8c dis	−1.38	21-28 dis	−1.74
Denmark	9.97½-10.05½	10.01½-10.02½	½-1 ore dis	−0.90	1-1½ dis	−0.50
W. Ger.	2.7570-2.7825	2.7625-2.7635	0.82-0.80 pf pm	3.54	2.44-2.39 pm	3.48
Portugal	165-166	165-166	100-350c dis	−16.31	450-1200dis	−19.54
Spain	162.75-163.85	163.20-163.40	75-175c dis	−9.19	250-450 dis	−8.58
Italy	—	1852-1853	8½-10 lire dis	−5.98	25-27 dis	−5.60
Norway	8.17-8.22¼	8.18¼-8.18¾	3-3½ ore dis	−4.76	9-9½ dis	−4.52
France	8.44-8.49¾	8.44-8.44½	2-2½c dis	−3.77	8½-9¼ dis	−4.11
Sweden	8.23-8.30	8.27¼-8.27¾	5-5½ ore dis	−7.63	14½-14¾ dis	−7.02
Japan	236.45-237.60	237.00-237.10	0.37-0.32y pm	1.75	1.08-0.98 pm	1.74
Austria	—	19.39-19.41	4½-4gro pm	2.60	13½-11 pm	2.50
Switz.	2.2625-2.2930	2.2645-2.2665	0.72-0.65c pm	3.64	2.02-1.96 pm	3.50

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 57.20-57.35.

OTHER CURRENCIES

Aug. 15	£	$		£ Note Rates
Argentina Austl.	1.1150-1.1182	0.8000-0.8010	Austria	27.00-27.30
Australia Dollar	1.9995-2.0035	1.4280-1.4310	Belgium	79.50-80.30
Brazil Cruzeiro	8,319 8,353	5,680-5,700	Denmark	15.90-14.04
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* Selling rate.

CURRENCY MOVEMENTS

Aug. 15	Bank of England Index	Morgan Guaranty Change %
Sterling	81.9	−8.5
U.S. dollar	136.5	+23.5
Canadian dollar	86.5	−7.1
Austrian schilling	117.5	+4.8
[illegible]	[illegible]	[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

Aug. 15	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.742408	0.575271
U.S.$	7½	1.03505	0.804475
Canadian $	5.33	*	1.09059
Austria Sch.	4½	N/A	15.6470
Belgian Fr.	10	N/A	45.1150
Danish Kr.	7	10.3629	8.05078
[illegible]	[illegible]	[illegible]	[illegible]

*CS/SDR rate for Aug 14: 1.40078.

EXCHANGE CROSS RATES

[illegible]

EURO-CURRENCY INTEREST RATES (Market closing rates)

[illegible]

Asian $ (closing rates in Singapore): Short-term 8⅛-8¼ per cent; seven days 8-8⅛ per cent; one month 7¾-8⅛ per cent; three months 8⅛-8¼ per cent; six months 8⅛-8¼ per cent; one year 8⅛-8¾ per cent. Long-term Eurodollars: two years 9⅛-9⅝ per cent; three years 10-10⅛ per cent; four years 10⅛-10½ per cent; five years 10½-10¾ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY MARKETS

German rate cut encourages London

Interest rates moved nervously in London, as dealers kept a wary eye on sterling, while still hoping that yesterday's cut in Continental rates, led by the German Bundesbank, will be reflected in lower UK bank rates in the near future. There was no encouragement on this front from the Bank of England however, and although the discount houses did not wish to sell bills outright to the Bank of England at present official dealing rates, the authorities were equally reluctant to provide liquidity through repurchase agreements. Fearing this may be interpreted as a signal for lower rates, the Bank preferred to lend a large sum to the houses for up to 7 days at a rate underlining the present rate structure.

In the interbank market three-month money eased slightly to close at 11⅛-11⅛ per cent compared with 11¼-11¼ per cent, and discount houses buying rates for three-month bank bills fell to 11 per cent from 11⅛ per cent.

The Bank of England forecast a money market shortage of £1,200m, but later revised this to £1,150m, and provided help of £1,133m. A total of £478m bills were bought outright in all four dealing bands at unchanged rates, and the authorities also lent £655m to the discount market for 5 to 7 days at a rate of 11¼ per cent.

In Frankfurt the Bundesbank cut its discount rate by ½ per cent to 4 per cent and the Lombard rate by a similar amount to 5½ per cent. The decision was taken at the first meeting of the central bank's council after the summer break, and had been widely anticipated in the market, after a period where moves by the Bundesbank to encourage lower interest rates had brought short term rates down to around 4⅝ per cent. The rate on three-day Treasury bills was also reduced to 4.3 per cent from 4.5 per cent, and the Bundesbank offered new securities repurchase agreements to the commercial banks by way of tender at a fixed rate of 4.6 per cent.

In Amsterdam the Dutch Central Bank cut its bank rate by ½ per cent to 5 per cent, and the rate on secured loans to 5½ per cent from 6 per cent. But in Zurich the Swiss National Bank said there was no reason to follow the Bundesbank, and would not cut its discount and Lombard rates.

UK clearing banks base lending rate 11½ per cent since July 30.

MONEY RATES

Aug. 15	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	4.85-4.95	5⅞	5⅛-5⅝	6⅛-6½	6.21875	14⅛-14⅜	6.80	11¼-11½
One Month	4.65-4.80	9⅞-9⅞	4⅛-4⅛	5⅞-5⅞	6.34375	13⅞-14⅛	9¼-9¼	10⅝-10⅞
Two Months	4.65-4.80	9¾-9⅞	—	—	—	—	—	10⅛-10⅜
Three Months	4.65-4.80	9⅞-9⅞	4⅝-4¾	5⅞-5⅞	6.34375	14¼-14⅜	9⅛-9⅝	10⅝-10⅞
Six Months	4.7-4.65	9⅞-10⅛	—	5⅞-5⅞	—	—	9⅝-9⅞	10¼-10⅜
Lombard	5.5	—	—	—	—	—	—	—
Intervention	—	5⅞	—	—	—	—	—	—

LONDON MONEY RATES — Discount Houses Deposit and Bill Rates

Aug. 15 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	½-13½	11¾	11¼-12	8-15	—	—	—	—	—
2 days notice	—	—	11⅞	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	11⅞-12	11⅞	11¾	11⅞-11¾	—	—	—	—	—
One month	11⅞-11⅞	11⅞ 11¾	11⅞	—	11⅞	11⅞	11⅞	11⅞	11⅞	11⅞
Two months	11⅞-11⅞	11⅞-11⅞	11⅞	—	11	11⅞-11¼	11⅛	11⅛	11⅛	11⅞
Three months	11⅛-11⅞	11⅛-11⅞	11¼	—	10¾	11-11⅛	10⅞-10⅞	11	10⅞	11⅞
Six months	10⅞-10¾	10⅞-11⅛	11	—	—	—	—	10⅞	10⅞	11⅛
Nine months	10¾-10⅞	10⅞-11⅛	10⅞	—	—	—	—	—	—	—
One year	10⅞-10⅞	10⅞-11	10¾	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	12 11¾	—	11⅞	7.7-7.8	7⅞-7⅞	8⅛-9
Two months	11⅞-11⅞	—	11⅞	7.75-7.85	7¾-8	8⅞-9⅛
Three months	11⅝-11⅞	—	11⅞	7.8-7.9	7¾-8	8-8⅞
Six months	11⅞-11⅞	—	11⅛	7.95-8.05	7⅞-8⅛	9⅛-9⅞
Nine months	11⅞-11⅞	—	11	8.25-8.35	—	—
One year	11⅞-11⅞	—	11	8.4-8.5	8⅛-8⅛	9¼-9¼
Two years	—	10⅞	—	—	—	—
Three years	—	10⅞	—	—	—	—
Four years	—	10⅞	—	—	—	—
Five years	—	10⅞	—	—	—	—

ECGD Fixed Finance IV: Average Rate of interest period July 3 to August 6 (inclusive): 11.988 per cent. Local authority and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 12½ per cent from August 1, 1985. London and Scottish Clearing Bank Rates for lending 11½ per cent. Bank Deposit Rates for sums at seven days' notice 8.25-8.625 per cent (net). Treasury Bills: Average tender rate of discount 10.0588 per cent. Certificates of Tax Deposits (Series 8): Deposits £100,000 and over held under one month 11⅞ per cent; one-three months 11½ per cent; three-six months 11¼ per cent; six-nine months 11¼ per cent; nine-12 months 11 per cent. Under £100,000 10½ per cent from August 5. Deposits held under Series 5 11 per cent. The rate for all deposits withdrawn for cash 7½ per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. Aug. 15)

Three months U.S. dollars	
bid 8	offer 8 1/8

Six months U.S. dollars	
bid 8 3/16	offer 8 5/16

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	9½
Broker loan rate	8½
Fed funds	8½
Fed funds at intervention	8⅞

Treasury Bills

One month	6.59
Two month	6.96
Three month	7.40
Six month	7.74
One year	8.04

Treasury Bonds

Two year	8.91
Three year	9.27
Four year	2.60
Five year	9.81
Seven year	10.20
10 year	10.34
30 year	10.52

FINANCIAL FUTURES

Late weakening

Prices moved within a narrow range on the London International Financial Futures Exchange yesterday, but contracts generally finished on a weak note after disappointment at the U.S. industrial production figures. After a quiet morning, prices moved up in early Chicago trading on rumours that the July industrial production figure would be down, but trading was then confused by a delay to the announcement. The rise of 0.2 per cent then caught the market by surprise, and although this was in line with earlier forecasts, dollar and sterling interest rate contracts fell. September Eurodollars opened at 91.88, and touched a high of 92.01 on the rumours in Chicago, but closed only slightly above the day's low at 91.90, compared with 91.89 on Wednesday. Dealers noted increased buying demand for December delivery, in anticipation that further weak U.S. economic data will lead to lower interest rates later this year.

U.S. Treasury bonds also declined towards the finish, but ended firmer on the day at 76-12 for September delivery, against 76-02. A high Federal funds rate in New York, reflecting settlement of paper bought at the recent Treasury auction, restricted any upward move, while dealers also noted that the June industrial production figure was revised upwards.

LONDON

20-YEAR 10% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
Sept	112-12	112-18	112-09	112-07
Dec	112-17	—	—	112-12
March	113-01	—	—	112-28

Est. volume 2,304 (1,678)
Previous day's open int. 2,794 (3,223)
Basis quote (clean cash price of 13½% Treasury 2004-08 less equivalent price of near futures contract 15 to 8 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
Sept	1.3900	1.3955	1.3875	1.3800
Dec	1.3795	1.3825	1.3820	1.3695
March	1.3735	—	—	1.3635

Est. volume 178 (101)
Previous day's open int. 2,205 (3,145)

DEUTSCHE MARKS
DM 125,000 $ per DM

	Close	High	Low	Prev
Sept	0.3618	0.3629	0.3614	0.3591
Dec	0.3652	0.3654	0.3654	0.3623

Est. volume 75 (46
Previous day's open int. 236 (272

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
Sept	91.90	92.01	91.88	91.89
Dec	91.51	91.65	91.49	91.49
March	91.10	91.20	91.09	91.07
June	90.71	90.79	90.70	90.68
Sept	90.34	90.39	90.39	90.32

Est. volume 5,435 (4,504)
Previous day's open int. 20,275 (20,288)

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev
Sept	88.92	89.00	88.92	88.91
Dec	89.64	89.71	89.64	89.61
March	89.88	89.94	89.90	89.83
June	89.83	89.88	89.85	89.79
Sept	89.82	89.82	89.82	89.79

Est. volume 1,384 (1,128)
Previous day's open int. 7,477 (7,284)

SWISS FRACS
SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
Sept	0.4399	0.4415	0.4392	0.4363

Est. volume 28 (2)
Previous day's open int. 184 (184)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
Sept	0.4220	—	—	0.4205
Dec	0.4241	—	—	0.4228
March	0.4264	0.4270	0.42.70	—

Est. volume 3 (2)
Previous day's open int. 170 (170)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev
Sept	130.80	130.80	129.50	129.30
Dec	131.50	—	—	130.10

Est. volume 339 (74)
Previous day's open int. 1,460 (1,488)

U.S. TREASURY BONDS
8% $100,000 32nds of 100%

	Close	High	Low	Prev
Sept	76-12	76-20	76-06	76-02
Dec	75-08	75-15	75-06	74-31
March	74-08	—	—	73.30

Est. volume 2,078 (1,162)
Previous day's open int. 2,794 (2,912)

CHICAGO

GNMA (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Sept	75-15	75-23	75-13	75-10
Dec	74-24	74-30	74-22	74-19
March	—	—	—	73-30
June	—	—	—	73-11
Sept	73-02	73-02	73-02	72-26

STERLING (IMM) $e per £

	Latest	High	Low	Prev
Sept	1.3905	1.3960	1.3875	1.3830
Dec	1.3815	1.3870	1.3780	1.3740
March	1.3780	1.3810	1.3750	1.3685
June	1.3750	1.3750	—	1.3658
Sept	—	—	—	1.2505

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Sept	91.89	92.01	91.86	91.93
Dec	91.49	91.64	91.46	91.54
March	91.07	91.22	91.05	91.19
June	90.67	90.91	90.65	90.89
Sept	90.29	90.42	90.28	90.32
Dec	89.95	90.06	89.96	89.97
March	89.62	89.73	89.62	89.65
June	89.33	89.45	89.28	89.36

CERT. DEPOSIT (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Sept	92.21	92.30	92.21	92.27
Dec	91.81	91.95	91.79	91.87
March	91.40	91.49	91.40	91.43
June	90.99	91.07	90.99	91.02

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Sept	92.89	92.98	92.86	92.92
Dec	92.57	92.88	92.53	92.59
March	92.21	92.29	92.20	92.23
June	91.86	91.96	91.86	91.89
Sept	91.55	—	91.55	91.56
Dec	91.29	91.29	—	91.26
March	91.02	91.02	—	90.99
June	90.78	90.78	—	90.73

U.S. TREASURY BONDS (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Sept	76-11	76-20	76-05	76-07
Dec	75-06	75-16	75-01	75-03
March	74-05	74-15	74-01	74-02
June	73-07	73-18	73-04	73-04
Sept	72-12	72-20	72-09	72-09
Dec	71-19	71-18	71-17	71-16
March	—	—	—	70-25
June	—	—	—	70-04
Sept	—	—	—	69-31
March	—	—	—	68-15

LIFFE OPTIONS REPORT

Sterling Currency—£25,000 c per £. Steady volume against firm cash market.				Eurodollar Future—points of 100%. Cautious volume in uncertain trading conditions.			
Est volume		Previous day's open interest		Est volume		Previous day's open interest	
Calls	Puts	Calls	Puts	Calls	Puts	Calls	Puts
929	606	9205	5469	86	88	859	1245

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$ WORLD VALUE OF THE DOLLAR

BANK OF AMERICA NT & SA, ECONOMICS DEPARTMENT, LONDON

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, August 14, 1985. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

Bank of America, Economics Dept., E.M.E.A. London
Eurodollar Libor as of August 14 at 11.00 a.m.
3 months: 8 3/16 6 months: 8⅜

ECU=$US.797408 SDR1=$US1.03296
Sibor as of August 14 at 11.00 a.m.
3 months: 8 3/16 6 months: 8⅜

COUNTRY	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (o)	50.60	Grenada	E. Caribbean $	2.70	Paraguay	Guarani (o.c.)	240.00
Albania	Lek	7.9951	Guadaloupe	Franc	8.53		Guarani (d)	728.50
Algeria	Dinar	4.233	Guam	U.S. $	1.00	Peru	Sol (o) (9)	15942
Andorra	Fr. Franc	8.53	Guatemala	Quetzal (o)	1.00	Philippines	Peso	18.51
	Sp. Peseta	164.55		Quetzal (h, l)	3.248	Pitcairn Is.	N.Z. Dollar	1.8093
Angola	Kwanza	29.518	Guinea Bissau	Peso	147.325	Poland	Zloty (o) (5)	153.79
Antigua	E. Caribbean $	2.70	Guinea Rep	Syli	23.8979	Portugal	Escudo	166.20
Argentina	Austral (8)	0.806	Guyana	Dollar	4.15	Puerto Rico	U.S. dollar	1.00
Australia	Dollar	1.4118	Haiti	Gourde	5.00	Qatar	Riyal	3.641
Austria	Schilling	19.676	Honduras Rep.	Lempira	2.00	Reunion, Il de la	Fr. Franc	8.53
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON SHARE SERVICE

BRITISH FUNDS

1985 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
101	99	Exch. 12¼pc 1985	100	.....	12.23	11.03
101	99	Exch. 11¼pc '86	100½	....	11.69	10.69
99½	97	Treas. 10pcCnv 1986	99	...	10.06	10.82
95⅝	92½	Treas 3pc 1986	95¼	−⅛	3.15	9.43
100	97½	Exch. 10½pc Cv '86	99	+	10.52	10.66
101⅞	99¼	Treas 12pc 1986	101	+	11.88	10.61
98	94⅝	Treas 8¾pc 1984-86‡‡	98	+	8.65	10.47
105	102	Exch. 14pc 1986	103⅝	+	13.51	10.62
93	87¼	Exch. 2½pc 1986	93	+⅛	2.07	7.80
104	101	Exch. 13½pc 1987	103½	+⅛	12.80	10.49
99	96⅝	Treas 10½pcCv '87	99	.....	10.31	10.63
92¼	85⅝	Exch 2½pc 1987	92¼	.....	2.71	8.09
99	96¼	Exch. 10½pc 1987	99	+	10.53	10.68
94¼	89	Funding 6½pc '85-87‡‡	94¼	+	6.91	10.31
99	95½	Treas. 10pc 1987	98⅞	+	10.11	10.66
90	84¼	Treas 3pc 1987	90¼	...	3.32	8.56
102	99¼	Treas. 13pc 1987	102½	+	11.71	10.64
96⅝	90¾	Treas 7¾pc 1985-88‡‡	94⅝	+	6.19	10.27
99¾	95½	Exch 10½pc '88	99⅝	+	10.54	10.63
97¼	93¾	Treas 9¾pc Cv '88	97	+	9.98	10.70
86½	80	Transport 3pc '78-88	86	.....	3.48	8.51
96	91½	Treas. 9½pc '88	96	+⅛	9.83	10.73
102⅝	97½	Treas 11½pc 1989	102½	+⅛	11.23	10.66
96	90¾	Treas 9½pc Cnv. '89	96	+⅛	9.86	10.72
81	79	Treas 3pc 1989	81½	−	3.68	0.91
99	94	Treas 10½pc 1989	99	+¼	10.56	10.66
97	92	Exch. 10pc 1989	97	+¼	10.28	10.73

Five to Fifteen Years

Over Fifteen Years

Undated

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INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

1985 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
48	28	‡Maunmel Hldgs 10p	37	–1	—	—	—	♦
374	202	Man. Ship Can. £1	374	+30	5.5	3.5	2.1	19.7
104	70	Marley	75	+4	3.75	2.2	7.1	9.1
107	52	Marling Ind 10p	88	....	103.0	♦	2.1	♦
74	36	Marshall L'ry. 'A'	73	....	2.4	4.9	4.7	5.2
77	58	Marshall's Universal	60	....	2.0	1.4	4.8	(19.0)
86	78	Do. 7½pcCaRedPf £1	82	–1	7½%	—	13.1	—
For Martin-Black, see Dean Park Hotels in Recent Equities								
£99	£81	♥Mathesons 7¼%	£99	....	07¼%	2.3	17.9	—
35	26	‡Maxiprint 1p	28	....	—	—	—	—
490	375	Metal Box £1	407	–3	17.[illegible]	3.1	5.1	7.3
170	119	Metal Closures	132	+2	[illegible]	2.0	7.3	8.2
17	3	‡Metal Sciences 2½p	5	+½	—	—	—	—
104	73	‡Midland Marts	87	+2	[illegible]	♦	6.6	♦
63½	58½	Mitchell Cotts	59½	....	[illegible]	1.5	9.6	8.5
230	182	Morgan Crucible	195	....	[illegible]	1.6	5.9	11.4
32½	22	‡Morris (W) F.A. 20p	28	–1	[illegible]	♦	2.6	♦
110	91	Moss (Robt.) 10p	105	+1	[illegible]	2.5	4.1	11.6
81	68	Myson Grp 10p	69	....	[illegible]	3.4	5.2	13.1
328	214	‡NMW Computers	265	+20	[illegible]	2.7	2.6	20.4
43	28	Nash Inds	30	....	[illegible]	1.5	‡	6.9
48	18	Neil & Spencer 10p	19	....	♦	—	—	5.7
44	14½	Newman Inds 10p	35	+1	—	—	—	(16.6)
41	28	Norton	30	....	—	—	—	—
183	146	Norcros	176	....	d1.17	4.5	5.6	5.8
67	30	Nu-Swift 5p	52	....	8.6	2.8	7.0	8.8
111	68	Oakwood Grp	98	....	3.0	1.6	8.2	10.0
230	150	Office & Elect	230	+13	104.5	1.4	6.6	(14.0)
108	75	Oldacre 20p	77xd	....	7.5	2.4	4.7	12.6
58	37	‡Optometrics $0.01	44	....	4.0	2.6	7.4	6.8
495	312½	Oriflame £1	440	....	od02c	—	3.6	46.7
18	12	Overstone 12½c	13	....	23.4	1.0	5.3	10.4
£190	£158	Ozalid 9pc Cnv 87-92	£185	....	903.23c	1.9	8.5	6.2
185	105	‡PCT Grp 10p	135	....	09%	—	(4.9)	—
£14	850	PLM 'B' Sk 25	925	+25	3.2	2.2	3.0	16.3
193	142	PSM Ind	152	....	021.6%	5.0	3.0	40.1

LEISURE—Continued

1985 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
52	7	‡Entertain Prod 5p	7	....	02.25	2.1	45.9	1.2
78	50	Fairline Boats 10p	73	+1	†2.63	2.6	3.0	10.7
322	228	First Leisure £1	322	+4	†6.5	2.8	1.9	14.9
69	51	GRA Group 5p	56½	+½	—	—	—	59.8
32	25	Grampian TVA 10p	23	....	h1.67	♦	9.5	♦
147	117	HTV Non/Vtg.	143	....	07.0	2.9	7.0	6.4
148	95	Horizon	125	+3	♦4.4	3.6	5.0	5.6
184	90	Insight	160	....	2.5	6.5	2.2	9.9
134	102	Intasun 10p	127	....	4.8	3.1	3.4	6.9
33	4½	‡Intervsn Video 10p	5	....	—	—	—	—
232	170	Juliana's Hldgs 2p	177	....	2.0	1.0	1.4	29.2
283	217	LWT	283	+8	14.4	2.3	7.3	0.6
30	25	‡Leisure Inv 10p	28	....	—	—	—	—
65	55	Leisuretime Int 10p	56xd	....	†2.1	3.9	5.4	6.0
For Mayfair & Acc see Chrysalis								
183	153	‡Media Tech Int 20p	172	....	ug2.58	3.9	2.1	17.0
200	124	Medminster 10p	161	....	†4.85	2.6	4.3	10.9
280	175	‡Miss World 10p	195	....	3.6	4.1	2.6	13.3
127½	70	Nationwide Leisure	74	–1	(0.75)	2.5	7.3	6.5
39	15	‡Ninesin Int 20c	20	....	—	—	—	—
24¼	19½	‡Owners Abroad	23	....	1.0	2.2	6.8	9.4
53	38	Photax (Lon.)	38	–2	—	—	—	—
24½	21	♥P'dilly Radio NV 5p	22xd	....	1.87	1.1	12.2	10.9
90	30	♥Pineapple Dnc St 10p	55	....	d1.5	1.2	6.1	18.8
250	185	Pleasurama 5p	247	....	h4.6	3.7	2.7	14.7
124	109	Do. 7pcCvCnvRedPf	124xd	....	7%	—	8.1	—
96	77½	‡Pres Entertain 50p	89	–1	g2.0	2.1	3.2	21.1
65	28	‡Radio City 'A' NV	32	....	‡5.6	0.9	‡	6.4
55	42	‡Radio Clyde NV	42	....	3.25	2.0	11.1	6.2
63	34	Riley Leisure 10p	44	+3	0.7	—	2.3	—
193	143	Saga Hols. 20p	182xd	....	†4.0	1.1	3.1	19.4
265	108	Samuelson Grp 20p	265	+10	†1.8	3.6	1.0	51.4
42	25	‡Sangers Photo 10p	32	....	2.0	1.9	0.9	8.4
202	138	‡Scantro 50p	147	+2	g3.68	2.6	3.6	14.3
156	128	Scott. TV 'A' 10p	150	....	8.8	2.8	8.4	6.2

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INSURANCES

LEISURE

MINES—Continued

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

Miscellaneous

1985 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
215	115	Hampton Areas 10p	142	+8	3.75	0.9	3.6
260	135	♥Highwood Res	170	–5	—	—	—
£22½	£17⅞	Homestake Mining $1	£19⅞	–¼	020c	—	7.2
310	190	♥McFinley Red Lake	255	....	—	—	—
335	195	♥Musto Explorations	330	–5	—	—	—
56	23	♥New Sabina Res C$1	50	....	—	—	—
375	245	Northgate C$1	285	–2	—	—	—
685	533	RTZ	558	+3	20.0	2.7	5.1
£145½	£116½	Do. 9¾pcLn '95-2000	£123½	....	Q9¾%	14.0	(7.8)
£34½	£10	♥Tara Explm $1	£10¾	....	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- • Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ‡ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¤ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ◆◆ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	96	....	Arnott	180	....
Craig & Rose £1	700	....	CPI Hldgs	56	....
Finlay Pkg. 5p	61	....	Carroll Inds.	146	....
Higsons Brew	295	....	Dublin Gas	70	....

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This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £800 per annum for each security.

LONDON STOCK EXCHANGE

MARKET REPORT

Interest rate optimism ensures firm tone and equity index closes at two-month high

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
July 29	Aug 8	Aug 9	Aug 19
Aug 12	Aug 29	Aug 30	Sept 9
Sept 2	Sept 12	Sept 13	Sept 23

* " New-time " dealings may take place from 8.30 am two business days earlier.

Lower European interest rates gave London equities a further boost yesterday. Despite renewed firmness in the pound, which effectively put an end to investment activity in international stocks and a wide range of other top-quality issues, the FT Ordinary share index rose 10.7 more to close at its highest level for nearly two months at 976.7.

Increasing optimism over cheaper money was unshaken by the recent rise in short-term U.S. rates and aided by news of a reduction of 1¼ percentage points in building societies mortgage rates; the cut was slightly more than most expectations and was seen to enhance prospects for another downward move in bank base lending rates. Two European central banks lowered their rates, the West German Bundesbank cutting both the Lombard and Discount rate by ½ percentage point. The Dutch Bank rate was reduced by a similar amount.

The only disappointing feature of the equity market session was the volume of business. Once again this was rather low and heavily concentrated on the sectors likely to benefit from cheaper money. Building issues responded strongly to the mortgage rate news and Store shares advanced further on hopes of increased consumer spending. Properties also experienced stronger demand and some stocks recorded useful gains.

Elsewhere engineering group TI was the star performer. Widespread coverage of the share stake recently acquired by a consortium led Evered and speculation of a ful bid move touched off aggressive buying of TI. Talk of fund managers returning midway through a three-day visit to Evered's factories in confident mood aroused fresh demand and TI soared 55 to a new high of 406p. Evered rose 10 to 253p.

Interest - rate considerations allied to the stronger pound ensured a firmer tone in Government securities. News that applications for the new tap, Treasury 9¾ per cent 2002, had been allotted in full at the minimum tender price of £96 aroused little enthusiasm ahead of official dealings this morning in £25-paid form. Subscription for the £800m issue was believed to be small.

Conventional and index-linked Gilts all improved with the former registering the larger gains. These stretched to ½ in medium- and longer-life maturities before they were pared to around ⅜ at the close. The shorts attracted support but could manage improvements of ⅛, while index-linked issues were similarly better.

Royal disappoints

Royal Insurance's first-half deficit of £17.6m, which came at the top end of market expectations, disappointed; analysts' forecasts had ranged from £10m and £20m. After Commercial Union and General Accident's encouraging performance earlier this week, Royal reacted from 707p to 688p before closing a net 1 down at 692p. CU, however, improved 3 more to 232p, after 235p, following comment on the second-quarter profit, but General Accident fell 12 to 640p after unenthusiastic Press remarks on the figures. Elsewhere, Sun Alliance found support at 525p, up 15. Lloyds Brokers attracted renewed buying interest and Stewart Wrightson closed 13 to the good at 615p. Willis Faber were 1 higher at 673p and Sedgwick 10 dearer at 380p.

Widespread comment on the Bank's decision to reduce the stake in its South African subsidiary left Barclays 6 up at 393p. NatWest firmed 13 to 653p and Lloyds put on 6 to 423p. Midland ended 4 dearer at 392p following the proposed issue of $500m perpetual floating rate primary capital notes in the Eurobond market.

Leading Breweries made fresh progress in a lively two-way business. Selected counters eased slightly towards the close, but still presented sizeable gains. Bass, up to 572p at one stage, settled a net 7 higher for a two-day advance of 20 to 570p. Whitbread A rose 5 to a 1985 peak of 231p, while Guinness hardened a similar amount to 270p. For the third successive session, Regionals provided a host of notable features. Greene King were prominent and touched 212p before closing a net 8 higher at 208p with sentiment aided by the encouraging tenor of the chairman's statement at the annual meeting. Vaux put on 5 for a three-day improvement of 22 to 325p, while useful rises were also noted in Buckleys, 72p, Matthew Brown, 423p, and Wolverhampton and Dudley, 368p. Elsewhere, buyers continued to support Distillers, another 3 to the good at 292p, while Matthew Clark, still buoyed by the excellent preliminary figures and proposed scrip issue, rose 15 more to 670p.

In a more active Building sector, Costain rose 8 to a 1985 peak of 456p and George Wimpey improved 4 to 136p. Taylor Woodrow were a particularly good market on talk of a broker's circular and moved up 12 to 467p. John Laing firmed 5 to 281p, while Barratt Developments hardened a couple of pence to 86p. Buyers also favoured RMC, 10 higher at 400p, Redland 8 up at 296p, and Tarmac, 6 to the good at 350p. Elsewhere, Magnet and Southerns met with support following a broker's lunch and gained 12 to 154p, while Ruberoid added 3 at 163p in reply to Press comment.

Currency influences continued to affect ICI, which fluctuated narrowly before closing a shade cheaper at 657p. Elsewhere, Novo Industrie B fell 3 points to £21 following interim profit below market expectations.

W. H. Smith volatile

Hopes of a further increase in consumer spending, spurred by the reduction in mortgage rates, bolstered already firm Retailers. Gussies A advanced 15 to 807p, while gains of 5 were common to Boots, 200p, and Burton, 455p. Harris Queensway spurted 12 to 276p amid revived Press suggestions of a bid from Woolworth, 7 higher at 472p. W. H. Smith, also mentioned recently as a possible takeover target, dipped to 240p before rallying to close a net 8 off at 246p following the proposed acquisition of Elson's, a U.S. retail chain for around $65m cash. Smith's full year results are expected next Wednesday. A marked revival of speculative support lifted former high-flier Body Shop 33 to 673p, while occasional interest was also noted for Peters, 81p, and Ward White, 322p, up 11 and 8 respectively. Mail-orders closed with gains of around 8 seen in Freemans, 276p, and Grattan, 286p. Courts hardened 5 to 175p and the A shares rose a couple of pence to 122p on the proposed buy-in of A shares from the company's staff pension fund. Sumrie Clothes were quoted 4 higher at 32p as chairman Mr Michael Hepker welcomed the Department of Trade's investigation.

Plessey responded to satisfactory first-quarter profits with a rise of 6 to 154p. Among other quietly firm Electrical leaders, BICC improved 5 to 205p. Elsewhere, Chloride met with revived speculative support and touched 45p before closing a net 4 up at 43p. Louis Newmark rose 10 to 200p in response to the preliminary results, while Stone International hardened 2 to 164p, also after trading news.

Apart from TI's outstanding performance, numerous other features emerged in Engineerings. Vickers, still drawing strength from a couple of brokers' bullish circulars, rose 13 more for a two-day advance of 23 to 278p. GKN attracted renewed support at 230p, up 8, and Hawker were 4 to the good at 389p. Persistent speculative demand lifted Hallite a further 11 to a 1985 peak of 178p, while Weeks Associates added 5 to 17p following news of a subsidiary's acquisition. Hobson jumped 9 afresh to 28p, after 29p, on further consideration of Mr G. R. Nicholson's decision to drop legal action against the company and place his 34.6 per cent stake with various investors.

Food Retailers attracted selective buying interest. Dee Corporation stood out with a gain of 10 at 265p, while a resurgence of bid speculation left Kwik Save 4 up at 220p.

Scott Greenham good

Scott Greenham provided a prominent feature among secondary miscellaneous industrials, jumping 24 to a 1985 peak of 118p following persistent support by the company's broker. Blue Arrow advanced 13 to 170p after Press comment, while speculative buying surrounded Sketchley, which closed 6 higher at 341p, and Manchester Ship Canal, 30 to the good at 374p. BBA, up 6 on Wednesday on news of the £9.8m acquisition of Uniroyal Inc. of the U.S., advanced 4 afresh to 96p following impressive interim results and an accompanying confident statement. Coloroll were active and up 121p before profit-taking left the price only a couple of pence dearer at 115p. Reflecting the strong performance of the building sector, English China Clays firmed 8 to 244p. Elsewhere similar improvements were recorded by Granada, 168p and Pearson, 333p. Still reflecting enthusiasm over its "soup in a carton" venture,

Chrysalis were well to the fore in the Leisure sector and closed 13 higher at the day's best of 193p. First Leisure firmed 4 more to 322p, while Horizon Travel added 3 to 125p.

In Motors, Press comment stimulated Jaguar which touched 278p prior to closing 5 higher at 275p. Kenning Motor attracted support for the same reason and gained 6 to 116p. Late buying interest left Lucas 5 better at 313p.

Down to 219p in immediate reaction to the disappointing interim results, Good Relations attracted "cheap" buyers on revived takeover hopes and settled only 3 off on balance at 232p.

Properties met with institutional support and closed with useful gains. Haslemere Estates were prominent at 504p, up 10, while Great Portland Estates rose 8 to 182p and Samuel firmed 5 to 172p. Greycoat City Offices were favoured at 224p, up 6 while improvements of 20 and 10 respectively were seen in Daejan, 480p, and Mountview Estates, 350p. Elsewhere, Town Centre Securities firmed 3 to 47p on Press suggestions of a bid from British Land. Estate agents Bairstow Eves eased to 92p following the interim results, but the appearance of buyers at the lower level brought a close of a penny dearer on balance at 95p.

In Textiles, Corah shed 2 to 63½p on news of the interim profits setback.

Baltic were outstanding among Financial Trusts, jumping 43 to 255p in a thin market following news of a bid approach.

Business in Oils contracted and the leaders closed virtually unchanged. Ultramar slipped 4 to 201p following comment on the interim results, but Burmah attracted speculative demand and firmed 6 to 295p. Lasmo, a dull market on Wednesday, rallied 10 to 263p. Britoil firmed 5 to 205p and Enterprise hardened a couple of pence to 180p.

Golds nervous

South African Golds traded in nervous fashion as both Cape and international operators anxiously awaited details of President Botha's speech to the Natal Congress. The closure of a number of important Continental centres—including France and Germany—further hindered business, although dealers reported occasional bear closing which left top-quality Golds with an irregular appearance.

Bullion had its best day for some time and traded at $334 before closing $4.75 higher on balance at $331 an ounce—

After a subdued start, business in London-registered Financials improved and Consolidated Gold Fields, down to 422p at one stage, settled a net 5 to the good at 430p. RTZ put on a few pence to 558p; the company has confirmed its intention to develop a gold mine at Morro do Ouro in Brazil; mining and metallurgical plans are now being made, but no further details are available. Hampton Areas attracted fresh support in a relatively narrow market and closed 8 higher for a two-day advance of 21 at 141p.

South African Financials held close to overnight positions. Gold Fields of South Africa, annual figures expected next Tuesday, dipped 63 to 987p.

After another subdued session in overnight domestic markets, Australians encountered scattered offerings in London. Leading resource issues sustained some sizeable losses with CRA 8 off at 296p and Western Mining 6 lower at 212p.

... was again disappointing. Total contracts struck amounted to 6,732, comprising 5,004 calls and 1,728 puts.

FINANCIAL TIMES STOCK INDICES

	Aug. 15	Aug. 14	Aug. 13	Aug. 12	Aug. 9	Aug. 8	year ago
Government Secs	83.70	83.68	83.56	83.71	83.29	83.41	80.17
Fixed Interest	88.64	88.55	88.68	88.56	88.44	88.47	83.01
Ordinary ♥	976.7	966.0	959.6	964.2	959.5	958.0	834.1
Gold Mines	330.5	329.6	343.6	349.1	337.2	338.3	561.9
Ord. Div. Yield	4.82	4.85	4.88	4.95	4.87	4.88	4.95
Earnings, Yld. % (full)	11.86	11.95	12.02	11.96	11.99	12.04	11.65
P/E Ratio (net) (*)	10.40	10.32	10.26	10.32	10.29	10.26	10.32
Total bargains (Est.)	20,811	20,647	29,695	21,859	20,052	18,923	17,713
Equity turnover £m.	—	381.59	347.84	361.24	364.05	266.8	234.58
Equity bargains	—	17,894	20,019	22,019	17,885	16,996	15,009
Shares traded (ml)	—	169.3	180.0	177.9	192.8	201.2	138.8

♥ 10 am 968.5. 11 am 968.6. Noon 970.1. 1 pm 970.9. 2 pm 971.3. 3 pm 974.0. 4 pm 975.1.

Day's High 976.7. Day's Low 967.2.

Basis 100 Govt. Secs. 15/1026. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

* Nil=10.02.

HIGHS AND LOWS / S.E. ACTIVITY INDICES

—	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.87 (30/7)	78.02 (28/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	88.74 (30/7)	82.17 (28/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1024.5 (22/1)	911.0 (25/7)	1024.5 (22/1/85)	49.4 (26/6/40)
Gold Mines	536.2 (15/4)	298.1 (6/6)	734.7 (15/2/83)	43.5 (26/10/71)

	Aug. 14	Aug. 13
Daily Gilt Edged Bargains	154.2	128.5
Equities Bargains	115.9	129.7
Value	771.3	702.5
5 day Average Gilt Edged Bargains	136.5	135.5
Equities Bargains	122.6	118.8
Value	736.2	708.7

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thur Aug 15 1985 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1985 to date	Wed Aug 14 Index No.	Tues Aug 13 Index No.	Mon Aug 12 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (206)	529.92	+1.3	10.67	4.19	11.79	10.52	523.22	517.04	517.48	500.53
2	Building Materials (22)	547.00	+2.0	12.14	4.84	10.13	11.92	536.08	532.64	530.81	455.00
3	Contracting, Construction (29)	828.84	+1.4	12.03	4.90	10.73	17.54	817.37	815.77	813.19	674.42
4	Electricals (14)	1377.55	+1.1	11.61	5.36	10.92	33.14	1361.97	1347.72	1349.28	1543.00
5	Electronics (38)	1463.90	+1.0	10.37	3.08	12.70	27.30	1448.96	1434.51	1452.50	1800.87
6	Mechanical Engineering (62)	288.28	+1.5	11.29	4.84	10.82	6.15	284.16	280.77	280.31	246.34
8	Metals and Metal Forming (7)	201.44	+0.1	12.44	7.80	10.11	4.13	201.21	200.69	200.40	182.29
9	Motors (16)	162.53	+2.0	13.66	5.24	9.06	3.55	159.37	157.55	157.20	119.80
10	Other Industrial Materials (18)	948.31	+0.8	7.36	3.53	16.44	15.81	940.99	917.16	909.55	668.48
21	CONSUMER GROUP (176)	673.78	+0.7	9.50	3.88	13.12	12.36	668.79	666.37	668.39	511.85
22	Brewers and Distillers (24)	646.85	+1.6	10.94	4.50	11.56	13.81	636.90	631.50	634.27	510.24
25	Food Manufacturing (21)	484.92	−0.1	12.29	5.02	10.50	13.09	485.43	485.26	488.91	388.06
26	Food Retailing (14)	1599.66	+0.4	5.74	2.61	23.17	16.93	1593.74	1602.45	1597.39	1185.70
27	Health and Household Products (9)	1065.17	−0.3	6.33	2.79	18.53	11.95	1068.56	1063.79	1074.93	861.23
29	Leisure (22)	658.26	+1.0	8.57	4.98	15.28	20.79	651.42	649.48	647.69	583.84
32	Newspapers, Publishing (12)	1789.47	+0.5	8.60	4.34	14.97	37.91	1780.25	1769.94	1770.79	1394.84
33	Packaging and Paper (14)	362.32	+1.5	9.78	4.08	12.13	6.20	357.11	354.51	352.42	240.63
34	Stores (41)	685.36	+1.5	7.30	3.09	18.66	9.53	675.26	670.52	669.07	434.62
35	Textiles (16)	320.77	+0.5	13.62	5.12	8.32	7.97	319.26	321.35	317.29	265.10
36	Tobaccos (3)	801.52	+0.5	18.43	5.37	6.15	18.71	797.33	794.49	807.93	699.93
41	OTHER GROUPS (101)	678.15	+0.7	9.38	4.17	13.76	14.13	673.57	670.22	672.82	451.81
42	Chemicals (19)	666.26	—	14.73	5.68	8.98	24.95	666.55	662.92	670.50	596.12
44	Office Equipment (4)	204.40	+0.7	7.82	4.30	15.26	3.64	203.01	199.94	198.62	132.33
45	Shipping and Transport (12)	1169.91	+1.3	8.18	4.46	15.13	25.71	1154.39	1159.07	1167.93	860.49
46	Miscellaneous (64)	830.27	+1.5	7.68	3.83	15.86	14.06	817.96	816.24	817.47	630.40
48	Telephone Networks (2)	881.08	+0.4	8.44	3.68	15.81	14.38	877.87	871.46	873.39	0.0
49	INDUSTRIAL GROUP (483)	644.75	+0.9	9.76	4.03	12.93	12.50	639.26	635.42	637.21	504.51
51	Oils (17)	1133.79	+0.1	16.50	7.41	7.46	39.47	1132.12	1131.43	1131.17	1045.91
59	500 SHARE INDEX (500)	685.96	+0.8	10.63	4.47	11.81	14.68	680.74	677.13	678.77	549.84
61	FINANCIAL GROUP (115)	488.71	+1.0	—	4.89	—	12.39	483.93	480.74	476.28	380.55
62	Banks (6)	484.39	+1.7	18.51	6.11	7.72	19.80	476.45	477.43	469.60	355.62
65	Insurance (Life) (9)	767.39	+0.7	—	4.23	—	14.71	762.22	754.68	742.61	522.45
66	Insurance (Composite) (7)	384.33	—	—	5.08	—	8.53	384.32	374.68	376.27	275.75
67	Insurance (Brokers) (7)	1114.89	+2.0	8.42	3.72	15.80	21.02	1092.62	1097.48	1092.70	819.94
68	Merchant Banks (11)	230.30	+0.8	—	4.83	—	4.92	228.42	226.95	226.23	203.59
69	Property (50)	664.94	+1.3	5.60	3.57	23.96	9.88	656.53	654.12	649.14	586.64
70	Other Financial (25)	272.75	+0.3	10.37	5.98	11.77	8.14	271.84	271.19	267.86	249.80
71	Investment Trusts (106)	583.61	+0.3	—	3.80	—	10.05	581.67	579.72	580.85	507.77
81	Mining Finance (3)	252.38	+0.8	12.86	6.07	9.02	5.36	250.33	255.81	255.81	278.65
91	Overseas Traders (14)	596.59	—	12.73	6.71	9.42	23.86	596.91	612.45	603.47	558.38
99	ALL-SHARE INDEX (738)	628.53	+0.8	—	4.55	—	13.81	623.70	621.62	620.93	507.12

	Index No.	Day's Change	Day's High	Day's Low	Aug 14	Aug 13	Aug 12	Aug 9	Aug 8	Year ago
FT-SE 100 SHARE INDEX	1302.2	+9.1	1302.2	1293.2	1293.1	1285.1	1288.1	1286.3	1286.0	1075.6

FIXED INTEREST

	PRICE INDICES	Thur Aug 15	Day's change %	Wed Aug 14	xd adj. today	xd adj. 1985 to date
	British Government					
1	5 years	119.66	+0.09	119.55	—	6.84
2	5-15 years	133.20	+0.14	133.02	—	8.43
3	Over 15 years	138.34	+0.20	138.06	—	8.49
4	Irredeemables	152.77	+0.36	152.22	—	7.27
5	All stocks	131.03	+0.13	130.85	—	7.93
6	Debentures & Loans	112.57	+0.16	112.39	—	6.91
7	Preference	79.62	—	79.62	—	4.68
	BRITISH GOVERNMENT INDEX-LINKED STOCKS					
8	All stocks	111.89	+0.10	111.77	—	2.00

	AVERAGE GROSS REDEMPTION YIELDS		Thur Aug 15	Wed Aug 14	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	10.00	10.03	11.84
2		15 years	10.15	10.16	10.63
3		25 years	10.15	10.17	10.20
4	Medium Coupons	5 years	10.76	10.78	11.70
5		15 years	10.51	10.53	11.02
6		25 years	10.14	10.17	10.39
7	High Coupons	5 years	10.81	10.85	11.68
8		15 years	10.66	10.69	11.21
9		25 years	10.26	10.30	10.49
10	Irredeemables†		9.95	9.98	10.07
11	Debs & Loans	5 years	11.58	11.61	12.60
12		15 years	11.41	11.44	12.37
13		25 years	11.24	11.26	12.15
14	Preference†		12.32	12.32	13.08
15	Inflation rate	5%	3.57	3.57	3.79
16		10%	3.39	3.39	3.61

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (122)

BRITISH FUNDS (17)
INT. BK. & O'SEAS GOVT. STLG. ISS. (2)
CANADIANS (2)
BANKS (2)
BREWERS (7)
BUILDING (10)
CHEMICALS (2)
STORES (12)
ELECTRICALS (5)
ENGINEERING (5)
FOODS (6)
HOTELS (1)
INDUSTRIALS (14)
INSURANCE (3)
LEISURE (4)
MOTORS (1)
NEWSPAPERS (3)
PAPER (1)
PROPERTY (17)
TRUSTS (4)
MINES (4)

NEW LOWS (20)

AMERICANS (7)
Amer. Tel. & Tel., GATX, BASIX, General Electric, Cullinet Software, Tenneco, Dermo-Lock Medical
CANADIANS (2)
Canadian Pacific, Can. Pac. Enterprises
ELECTRICALS (4)
Atlantic Computer, Scantronic, Grosvenor Group, TDS Circuits
INDUSTRIALS (1)
Aberfoyle
MOTORS (2)
General Motors, Solex
OILS (2)
Goal Pet., TR Energy
MINES (2)
West Rand Cons., Southvaal

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	89	2	15
Corpns. Dom. & Foreign Bonds	12	4	62
Industrials	381	148	839
Financial & Props.	154	45	353
Oils	19	22	84
Plantations	1	2	16
Mines	34	62	83
Others	100	40	107
Totals	790	325	1,659

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Acorn Computer	13	+ 1
Britoil (partly-paid)	123	+ 4
Coloroll	115	+ 2
Commercial Union	232	+ 2
General Accident	640	−12
Good Relations	232	− 3
Greene King	208	+ 8
Jaguar	275	+ 5
Royal Insurance	692	−11
Smith (W.H.) A	246	− 8
Sun Alliance	525	+15
TI	406	+55

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Wed. close	Day's change
Bell (Arthur)	20	260	+ 7
Acorn Computer	16	12	+ 4½
Barclays	17	365	—
Br. Aerospace†	15	178	+ 5
Comm. Union	15	229	+13
TI	15	351	+11
BSR Int.	14	88	− 7
BTR	14	356	+16
ICI	14	658	+ 6
Ultramar	13	205	− 8
Utd. Scientific	13	180	+16
Ryl. Insurance	12	703	+20

† Partly-paid

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$280	10	60	—	—	—	—	$361.70
GOLD C	$300	17	35	2	39 B	—	—	"
GOLD C	$320	161	12.50	1	24 A	—	—	"
GOLD C	$340	20	0.20	175	12	372	21	"
GOLD P	$300	—	—	90	1.60	60	5	"
GOLD P	$320	2	0.40	49	5	—	—	"

[illegible]

TOTAL VOLUME IN CONTRACTS: 25,352

A=Ask B=Bid C=Call P=Put

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −	Net Div.	Times covered	Gross Yield	P.E. Ratio
§59	F.P.	2/8	66	58	✣ATA Selection 2p	62	.....	bg1.5	2.6	3.5	16.8
180	F.P.	2/8	250	233	Abbey Life 5p	250	+2	b6.6	—	3.8	—
67	F.P.	—	79	69	✣Aberd'n Steak H. 5p	79	+3	u2.9	2.0	4.1	17.2
¶¶	F.P.	—	£20¼	£12¼	Alex. & Alex. c. $1	£20¼	.....	—	—	—	—
§34	F.P.	—	37	35	Anglo Utd. Dev.	37	.....	bd1.35	2.1	4.0	17.7
§138	F.P.	2/8	140	130	✣Appletree 10p	132	.....	b2.5	4.8	2.7	15.1
80	F.P.	12/8	50	44½	Baillie G'f'd Shin Non.	44½	−½	—	—	—	—
—	F.P.	10/9	18	13	Do. Warrants	15	−1	—	—	—	—
170	F.P.	22/8	190	165	Bradstock 5p	190	.....	bg5.25	2.4	3.9	15.2
130	F.P.	24/7	134	92	Brent Walker 10p	115	.....	b3.5	2.6	4.5	15.1
375	200	10/9	253	126	British Aerospace 50p	180	+2	14.65	5.1	5.5	6.6
185	150	—	124	117	Britoil 10p	123	+4	z15.0	3.0	6.9	5.9
120	F.P.	—	152	131	CAP 10p	150	+3	u1.5	4.9	1.4	19.8
§80	F.P.	—	89	77	✣CCA Galleries 10p	87	−1	bg3.35	2.5	5.9	15.1
‖‖	F.P.	—	48	38	✣Cannon Street Invs.	38	.....	—	—	—	11.7
‖‖	F.P.	30/8	160	93	✣Cobra Emer'ld Mines	95	.....	—	—	—	—
§115	F.P.	—	126	118	Control Techniques 10p	126	.....	bg2.7	2.7	3.1	16.3
¶¶	F.P.	5/9	110	75	Expln. Co. Louisiana	80	.....	—	—	—	—
§51	F.P.	—	52	51	✣Dean Park Hotels	51	.....	—	—	—	—
§140	F.P.	6/9	150	120	✣FKB Group 5p	122	.....	1.75	3.2	1.6	27.7
160	F.P.	26/7	120	95	First Security 10p	115	.....	u3.5	2.6	4.3	11.4
Ir.97	F.P.	26/7	77	68	Green Property Ir. 25p	68	.....	12.57%	1.5	3.8	25.7
‖‖	F.P.	—	360	380	✣Heavitree Brewery	355	.....	10.75	1.9	4.0	18.5
‖‖	F.P.	—	350	345	Do. 'A' Lim. Vtg. Ord.	345	.....	10.75	1.9	4.4	16.7
§125	F.P.	9/9	235	128	Isotron	222	−15	g1.25	3.2	0.8	46.0
§110	F.P.	—	112	96	✣Lewmar	103	+	u2.625	3.0	2.2	12.7
**	F.P.	9/8	48½	44	London Tst. Wrrts.	48½	+½	—	—	—	—
§66	F.P.	—	72	68	✣Lysander Pet. 5p	68	.....	—	—	—	—
§44	F.P.	—	54	46	✣Micha'l(J)Design 2½p	53	.....	1.0	3.6	2.7	14.7
120	F.P.	26/7	115	100	Micro Scope 10p	102	+2	b1.5	4.2	2.1	14.5
105	F.P.	4/9	107	90	✣Moss Advertising 5p	90	.....	bg9.45	3.0	8.9	12.4
§170	F.P.	0/8	170	138	✣Pacer Systems $0.21	138	.....	bg3.8c	—	2.9	—
§99	F.P.	9/8	117	102	✣Polypipe 10p	115	+5	b3.9	2.7	5.6	14.4
160	F.P.	9/8	125	95	✣Sapphire Petm. 50p	97	+2	—	—	—	—
110	F.P.	—	110	104	Tiphook 10p	110	+2	u3.73	2.1	4.8	11.0
§73	F.P.	—	94	74	✣Trilion 10p	94	+3	bg1.1	4.2	1.7	18.2
110	F.P.	30/8	120	117	✣Yellowhammer 5p	120	.....	bg1.6	1.4	1.7	17.4

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −
£87.386	£20pd	—	30⅞	30	Australia 9½% Ln. 2012	30⅜	+¼
¶¶	F.P.	—	102½	96	Boddingtons 9½% Cv. Uns. Ln. 2000/5	102½	+5½
¶¶	F.P.	—	103	100	Burton 8% Cnv. Uns. Ln. 2001	100	.....
‖	F.P.	11/9	90	88	C. H. Industls. 7% Cnv. Cum. Prf.	90	+3
‖‖	F.P.	—	106	102	✣Cannon St. Invs. 7.7% Cv. Cm. Rd. Prf. '94-9	102	−6
50p	‖	27/9	50p	41p	Hanson Tst. 5.75% Cnv. Cum. Red. Prf.	50p	+2
88.465	£30	24/1	51	29¾	Intl. Bk. for Rec. & Dev. 2½% Ln. 2010	30	−⅛
‖	F.P.	13/9	103	100½	Juliana's 7½% Cnv. Uns. Ln. 2000-02	101	.....
§99.856	£25	16/10	25¾	25	Keystone Invs. 11¼% Deb. 2010/15	25½	.....
§99.028	F.P.	23/9	100½	99	Lowland Inv. 11¼% Deb. 2010	99½	.....
‖	F.P.	16/10	101½	100	Macallan-Glen. 6½ Cnv. Uns. Ln. 2005	101	.....
90.705	£30	6/9	34⅛	29½	Malaysia 10⅝% Ln. 2009	33	+⅛
—	F.P.	—	100¾	100	Nationwide Bldg. Soc. 11½% Bds. 21/7/86	100¾	.....
—	F.P.	—	100½	100	Do. 11⅝% Bds. 11/8/86	100½	.....
100	F.P.	—	112¼	108½	Oldham Met. Borough 12.4% Rd. 2022	112¼	.....
¶¶	F.P.	—	100	95	REA 9% Cum. Pref.	95	.....
§100	£10	6/9	101½	100¼	Sund. & S.Sh'lds. Wtr. 11.8% Rd. Db. '95/97	101½	+¼
‖	F.P.	13/9	105½	101	Walker (A) 8½% Cum. Conv. Red. Pref.	105½	.....
§100	F.P.	12/9	101½	100¼	West Hampshire Wtr. 11.8% Rd. Db. '95/97	101½	+¼
100	F.P.	19/9	101½	100½	York Wtr. 11.8% Red. Deb. 1995/97	101½	+¼

RIGHTS OFFERS

Issue price	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −
90	Nil	23/9	110pm	83pm	✣Applied Holographics 5p	110pm	.....
155	F.P.	13/9	192	168	Baker Perkins 50p	182	+8
160	F.P.	9/10	283	220	Bestwood 150	283	.....
26	Nil	17/9	4½	3	Brown (J.) A	4	.....
160	F.P.	30/8	102	93	✣Cobra Emerald Mines	93	.....
5	Nil	—	2pm	½pm	Dares Est. 5 50	2pm	+½
280	F.P.	11/10	328	305	Extel	316	.....
185	150	28/10	123	99	Hanson Trust	115	.....
210	F.P.	4/10	650	595	Hazlewood Foods 20p	645	−5
60	Nil	20/9	2½pm	½pm	Hicking Pentecost 50p	½pm	.....
77	F.P.	28/8	77½	75	New Cavendish 5p	77	.....
25	Nil	24/9	8pm	5pm	Nolton	6½pm	+½
120	F.P.	30/8	127	123	Prestwich	127	+2
25	Nil	20/9	80pm	20pm	TACE 10p	60pm	.....
400	Nil	20/9	84pm	63pm	Siebe	80pm	+4
250	Nil	—	45pm	35pm	✣Thermal Scientific	45pm	.....
A$1.25	Nil	—	6pm	1pm	♥Woodside Pet. A$0.60	1½pm	.....

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. ‡ Indicated dividend; cover relates to previous dividend, P/E ratio based on latest annual earnings. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ▌ Allotment letters or fully paid. ‖‖ Introduction. ✣ Unlisted Securities Market. § Placing price. ‡‡ Dealt in under Rule 535 (3). ♥ Dealt in under Rule 535 (4) (a).

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Aug 5	Aug 16	Nov 7	Nov 18
Aug 19	Sept 6	Nov 21	Dec 2
Sept 9	Sept 20	Dec 5	Dec 16

For rate indications see end of Share Information Service

Stocks favoured for the call included BSG, Mellerware International, STC, Aberfoyle, John Brown, Energy Capital, Ultramar, Britoil, Arlen Electrical, Blackwood Hodge, Humberside Electronic, Acorn Computer, Fleet Holdings, Ryan International and Premier Oil. Puts were taken out in Acorn Computer and ACM, while a double put was transacted in Distillers.

LONDON TRADED OPTIONS

Option		Calls Aug.	Calls Nov.	Calls Feb.	Puts Aug.	Puts Nov.	Puts Feb.
Lonrho (*156)	140	16½	—	—	1½	—	—
	160	1½	11	15	7	10	11
	180	1	4	7	26	27	28

[illegible]

Aug. 15 Total Contracts 6,732. Calls 5,004. Puts 1,728

*Underlying security price

WORLD STOCK MARKETS

AUSTRIA · BELGIUM/LUXEMBOURG · DENMARK · FRANCE · GERMANY · ITALY · NETHERLANDS · NORWAY · SPAIN · SWEDEN · SWITZERLAND · AUSTRALIA · AUSTRALIA (continued) · HONG KONG · JAPAN · JAPAN (continued) · SINGAPORE · SOUTH AFRICA

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

CANADA

TORONTO

Prices at 2.30pm August 15

MONTREAL

Closing prices August 14

Total Sales 2,235,392 shares

Indices

NEW YORK

STANDARD AND POORS

N.Y.S.E. ALL COMMON

New York Active Stocks

Advances 882 Declines 788

TORONTO

* Indicates pre-close figure

	August 15	August 14	August 13	August 12	1985 High	1985 Low
AUSTRALIA						
All ord. (1/1/80)	858.6	858.4	854.2	848.7	858.8 (15/8)	715.3 (7/1)
Metals & Mins. (1/1/80)	550.8	553.3	552.4	547.8	583.8 (20/5)	382.5 (7/1)
AUSTRIA						
Credit Aktien (2/1/62)	closed	67.41	95.76	95.20	165.73 (17/6)	85.21 (24/1)
BELGIUM						
Brussels SE (1/1/80)	closed	2320.44	2318.87	2319.11	2327.23 (29/7)	2090.7 (16/1)
DENMARK						
Copenhagen SE (3/1/83)	n/a	n/a	213.18	n/a	217.88 (6/8)	158.44 (8/1)
FRANCE						
CAC General (31/12/82)	closed	218.8	217.8	217.5	233.1 (31/5)	180.9 (3/1)
Ind Tendance (28/12/84)	closed	122.8	123.3	124.1	130.4 (31/5)	100.1 (3/1)
GERMANY						
FAZ Aktien (31/12/58)	483.95	481.87	478.79	478.30	502.62 (5/7)	382.39 (3/1)
Commerzbank (1/12/53)	1424.4	1420.00	1412.5	1407.1	1488.2 (5/7)	1111.8 (3/1)
HONG KONG						
Hang Seng Bank (31/7/64)	1884.55	1891.73	1887.08	1898.43	1899.43 (12/8)	1220.74 (2/1)
ITALY						
Banca Comm. Ital. (1972)	closed	351.02	354.80	357.43	365.91 (7/8)	228.56 (2/1)
JAPAN**						
Nikkei-Dow (16/5/49)	12484.02	12418.64	12326.71	12372.88	13040.16 (8/7)	11545.2 (5/1)
Tokyo SE New (4/1/68)	1005.80	1000.00	994.51	998.13	1055.81 (9/7)	918.93 (4/1)
NETHERLANDS						
ANP-CBS General (1970)	215.7	218.1	215.7	214.8	220.9 (8/7)	185.8 (3/1)
ANP-CBS Indust (1970)	188.4	190.0	189.1	188.4	190.8 (14/8)	147.9 (3/1)
NORWAY						
Oslo SE (4/1/83)	342.32	345.07	344.17	340.94	349.95 (5/8)	288.16 (2/1)
SINGAPORE						
Straits Times (1966)	753.49	751.56	745.82	751.86	852.85 (7/3)	717.95 (15/7)
SOUTH AFRICA						
JSE Gold (28/9/78)	-	912.8	935.7	824.4	1140.8 (15/4)	836.1 (21/2)
JSE Indust (28/9/78)	-	827.2	814.4	840.5	1838.9 (17/7)	767.1 (7/3)
SPAIN						
Madrid SE (28/12/84)	closed	110.65	110.27	110.19	117.41 (4/2)	101.48 (2/1)
SWEDEN						
Jacobson & P (1/1/58)	1324.31	1342.01	1319.38	1346.42	1488.88 (11/2)	1285.32 (9/7)
SWITZERLAND						
Swiss Bank Cpn. (31/12/58)	461.5	458.5	456.5	457.5	489.1 (8/7)	386.7 (3/1)
WORLD						
Capital Intl. (1/1/70)	-	217.8	217.1	217.3	224.3 (17/7)	184.6 (4/1)

* Indicates pre-close figure ** Saturday August 3 Japan Nikkei Dow 12492.27 TSE 1018.60 Base values of all indices are 100 except Australia All Ordinary and Metals – 500 NYSE All Common – 50 Standard and Poors – 10† and Toronto Composite and Metals – 1000 Toronto indices based 1975 and Montreal Portfolio 4/1/83 † Excluding bonds ‡ 400 Industrials § 400 Industrials plus 40 Utilities Financials and 20 Transports c Closed u Unavailable

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Continued from Page 29

Sanofi scents success

BY OUR FINANCIAL STAFF

SANOFI, the French pharmaceutical group, has increased revenue by 37 per cent to FFr 7.56bn ($893m) for the first half of 1985.

Sanofi noted, however, that a significant portion of the sales increase reflected changes in the structure of its agricultural chemicals division. Revenue rose 13 per cent after adjustment for the structural changes.

Strong foreign demand, especially for perfumes and beauty products, led the upturn. Sales of perfume and cosmetics were up 18 per cent at FFr 1.9bn in the half year, with foreign sales up 23 per cent and French sales rising 10 per cent.

Pharmaceutical sales were up 12 per cent at FFr 3.65bn. Agricultural chemicals rose 10 per cent to FFr 1.95bn.

Sanofi made a profit of FFr 354m for 1984 on sales of FFr 11.2bn.

U.S. quarterly results

TURNER BROADCASTING
TV broadcasting

THE LIMITED
Fashion retailing

† Loss reflects costs of failed bid for CBS.

LONDON

Chief price changes (in pence unless otherwise indicated)

RISES

Ex 10½% 2005	£101⅝ + ⅜
BBA	96 + 4
Baltic	255 + 43
Blue Arrow	170 + 13
Burmah Oil	295 + 6
Chloride	43 + 4
Chrysalis	193 + 13
Costain	456 + 6
Dee Corp	265 + 10
Distillers	292 + 6
Great Port	162 + 6
GKN	230 + 6
Hallite	176 + 11
Hampton Areas	141 + 8
Harris Queens	276 + 12
Haslemere Est	504 + 10
Hobson	28 + 9
Jaguar	275 + 5
Kenning Motor	116 + 6
ML Hldgs	290 + 5
Magnet & South	154 + 12
Parkfield	124 + 16
Plessey	154 + 6
Scott Green	116 + 24
TI	406 + 55
Vickers	278 + 13
Weeks Assoc	17 + 5

FALLS

Novo Ind B	£21 – 3
Smith (WH) A	246 – 6
Tricentrol	188 – 7

Prices at 3pm, August 15

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
36¼	21⅜	AGnCp	1	3.1	6	677	32¾	32⅛	32⅜	−⅜
16	6⅞	AGnl wt				335	14	13⅝	13⅝	
58¼	51⅜	AGnl pfA3.87e		10.		21	56¼	56⅛	56¼	+⅛
96½	62⅛	AGnl pfB5.50e		8.3		85	88¾	88	88	−¼
71¼	44	AGn pfD2.64		4.0		8	65¾	65¾	65¾	
36⅝	25¾	AHerit	1.20	3.9	19	1	33	33	33	
13⅞	7½	AHoist				248	13	12⅞	12⅞	−¼
66⅞	46¾	AHome	2.90	5.0	12	8777	59¼	58¾	58⅞	−⅞
48½	26¼	AHosp	1.12	2.5	15	7890	45½	45¼	45¼	−⅛
87⅞	59⅝	Amrich	6.60	7.4	9	474	90⅛	89⅝	89¾	−⅝
90¼	61¾	AInGrp	.44	.5	22	536	85½	84¾	84¾	−⅝
28⅝	18½	AMI	.72	2.8	12	1221	25⅛	24⅝	24⅝	−½
5⅛	2⅞	AmMot				489	3½	3	3	−⅛
29	16½	APresds	.25t	1.3	5	177	20	18¾	19¾	−¼
13⅞	5	ASLFla			18	35	6⅝	6¼	6¼	−⅛
18½	12¼	ASLFl pf2.19		16		59	14¼	14	14	
16	11⅞	AShip	.80	6.2	8	51	13	12⅞	12⅞	
35⅝	26¾	AmStd	1.60	5.4	18	296	30	29¼	29½	−¼
67½	35¼	AmStor	.64	1.1	11	184	60	59¾	59⅞	
79	40½	AStr pfA4.38		6.3		43	69¾	69¼	69¼	
24⅝	17½	AT&T	1.20	5.8	15	8167	20¾	20½	20¾	+⅛
41⅝	32¾	AT&T pf3.64		9.5		135	38⅝	38¼	38⅝	+¼
42	33¾	AT&T pf3.74		9.5		367	39⅝	39⅛	39¼	+⅛
27⅛	16⅝	AWatr s	1	4.0	8	109	24⅞	24¾	24¾	+¼
69½	42½	AWat pf1.43		2.3		220	62¾	62¾	62¾	+¼
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Continued on Page 29

NYSE COMPOSITE PRICES

Continued from Page 28

WE REGRET closing prices from New York are incomplete in this edition because of communications problems.

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
40	29⅝	RCA pf	3.50	9.5		z313	38	37	37	+⅛
112	79½	RCA pf	4	4.0		2	99½	99½	99½	+½
35⅛	27⅜	RCA pf	2.12	3.9		1271	31¼	30¾	31	+⅜
38⅛	31⅛	RCA pf	3.65	9.7		4	37⅝	37½	37⅝	+⅛
9⅝	6¼	RLC	.26	2.5	14	159	8¼	8	8	
4¾	6	RPC				24	4⅜	4¼	4⅜	
18¾	12⅝	RTE	.56	2.9	16	50	19⅛	18⅝	19⅛	+⅜
14⅝	8⅜	Radice			11	225	u14½	14⅛	14¼	
46⅞	28¼	RalsPur	1	2.4	14	506	42	41¼	41⅞	+⅛
9⅞	5¼	Ramad			55	658	7⅞	7⅝	7¾	−⅛
21¼	16½	Ranco	.84	4.7	16	13	18	17¾	18	+⅜
7⅝	2½	RangrO				656	4	3¾	3⅞	−¼
78⅛	61⅛	Raycm	.44	.6	27	120	76⅝	75¾	76	−⅜
17⅛	9½	Raymk				14	12¾	12½	12½	−⅛
53⅛	36¾	Raythn	1.60	3.2	12	938	49¾	49⅛	49¼	−⅜
11¼	7¾	ReadBt	.40	6.1		27	7⅞	7¾	7⅞	+⅛
16¾	11	RltRef	1.32e	10.	10	2	12¾	12¾	12¾	+⅛
[illegible]										
33½	22	RobAd	.50	1.9	16	142	26⅝	25⅞	26¼	
7⅞	3½	RvrOk n			9	19	4	3⅞	3⅞	−⅛
39⅝	28⅞	Robshw	.12	3.3	8	18	34⅜	34	34	−¼
44⅛	20	Robtsn	1.60	5.7		108	28⅛	27⅞	27⅞	
24⅝	10	Robins				753	11⅞	11¼	11½	+⅛
24⅞	14¾	RochG	2.20	9.7	3	2234	22⅝	22⅝	22⅝	+⅛
42⅛	29½	RochTl	2.44	6.5	13	263	37¾	37½	37¾	
41⅝	27¾	Rockwl	1.12	2.8	16	1236	40½	39⅞	40	−⅛
73	56¾	RohmH	2.20	3.3	11	92	67	66½	66⅞	−⅛
62⅝	39	Rohrin			11	69	59⅞	59⅝	59⅞	+¼
27¼	12½	RoinCm	.40	1.6	30	36	25¼	25	25	+⅛
36⅝	9⅝	RollnE s	.10	.4	26	1100	27½	26⅞	27¼	+⅜
12⅞	3	Rollins	.46	3.8	17	482	12	11⅝	12	+¼
3⅞	2	Ronson				48	2⅛	2	2⅛	+⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called.d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begins with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

Prices at 3pm, August 15

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

Continued on Page 27

FINANCIAL TIMES
WORLD STOCK MARKETS

WALL STREET

Sanguine reply to output data

FRESH INDICATIONS that the U.S. economy is moving sluggishly into the second half of the year left Wall Street to grind its way through another unimpressive trading session yesterday, *writes Terry Byland in New York.*

Stock prices moved narrowly again and there was still no sign of interest by the major institutional investors. Bond prices abandoned an initial attempt to extend the gains of the previous session.

At 3pm the Dow Jones industrial average was down 1.46 at 1,315.52.

A meagre 0.2 per cent rise in July's industrial production figures was in line with expectations but increased Wall Street's worries over the slow progress of the economy – the June statistics were revised to show a 0.3 per cent gain. Also discouraging investors was the disclosure that consumer credit was flagging last month – the gain of $6.8bn was well under expectations.

The bond market, which is still involved in the settlement for the Treasury's $21.75bn refunding programme, lost early gains after announcement of the industrial production statistics. Retail interest remained lacking.

The stock market opened firmly and tried for a time, to ignore the lack of impetus in the bond market. Today brings expiration of some options in the major stock market indices which in recent weeks has stimulated activity. But at mid-session the September contract on the Standard & Poor's 500 stock index showed a premium of only 15 cents on the index itself offering little opportunity for arbitrage.

The Detroit auto stocks showed renewed weakness following disclosure that car sales dipped 12 per cent in early August. Wall Street took a cautious view of General Motors' offer of generous financing for new cars.

"You can always buy all the customers you want," said the cynics. The disappointing rise in consumer credit, in which car sales are the prime component, provided fresh evidence of faltering car sales.

General Motors eased $⅝ to $66½, but Ford held steady at $43⅜.

IBM dragged the market lower, reversing an early gain to show a $⅝ fall to $128⅝. A sudden reaction to the debt problems disclosed earlier this week sent Control Data down by $1⅛ to $21½.

Digital Equipment fell $⅝ to $101 and weakness in the rest of the technology sector brought falls of $⅝ to $31⅛ in NCR, and $¼ to $83½ in Honeywell.

Among the personal computer manufacturers, Commodore International at $10 gave up another $⅜ as Wall Street pondered the latest bearish statement from the boardroom. Apple Computer eased $⅛ to $14½.

Boeing stock fell $1 to $47⅞ as Japan's civil aviation bureau launched an emergency investigation into 747 aircraft in service in Japan.

The fall in Boeing contrasted with firmness in other aerospace issues, led by McDonnell Douglas, $⅜ up at $79¼, and General Dynamics, $⅜ better at $79⅜.

In the chemical sector, Union Carbide edged up by $¼ to $52 as this week's nervous selling subsided. But the rest of the sector changed little, and turnover was slow.

Disappointed at the absence of a bid approach, speculators continued to sell Pan Am stock, which dipped $⅜ to $7⅛ in hefty trading.

Bond prices shaded lower, reflecting the general uncertainty over the progress of the economy. The market was undisturbed by the prospect of another sharp rise in M-1 money supply for the current week, since the Fed is known to be concentrating on trends in the economy at large.

EUROPE

Bundesbank rates cut sets tone

THE BUNDESBANK'S decision to cut its discount rate buoyed activity in those European bourses open for trading.

The West German move inspired hopes in Frankfurt of a long-term downward trend in interest rates and an improvement in the country's economic growth. Prices ended generally higher and the Commerzbank index put on 4.4 to 1,424.4.

Foreign buying was somewhat dampened by the dollar's continued weakness against the D-Mark, however. Chemicals suffered but export-oriented shares ended the marginally higher.

Hoechst shed DM 2.50 to DM 219, Bayer DM 2.40 to DM 222.60 and BASF DM 1.60 to DM 223.50.

In the motor sector, which is dependent on dollar income from exports to the U.S., Daimler added DM 9.50 to DM 883 ex-dividend despite the softer dollar,

Stock markets in Paris, Brussels, Vienna, Milan and Madrid were closed for Assumption Day celebrations.

BMW gained DM 2 to DM 440 ahead of news that first-half sales had risen, and VW and Porsche each rose 50 pfg to DM 320.50 and DM 1,286 respectively.

Concern over interest rates focused investors attentions on banking stocks and Deutsche jumped DM 6.50 to DM 560, Bayerische Vereinsbank DM 8 to DM 400, Dresdner DM 3.20 to DM 270.20 and Commerzbank 90 pfg to DM 209.50.

Electricals were neglected, however, with Siemens declining for the fourth consecutive session, losing DM 1 to DM 543 and AEG adding 10 pfg to DM 131.70.

Discount rate news came too late to affect bond prices which were, nevertheless, up to 20 pfg firmer. The Bundesbank sold a hefty DM 73.5 worth of paper after selling DM 56.6m on Wednesday.

Although the Swiss national bank did not match the Bundesbank's cut, Zurich reacted positively to the move which may force down short-term Swiss money market rates. Bond markets continued to be strong.

Strong demand was seen among insurers, with Swiss Re adding SwFr 150 to SwFr 12,800, Winterthur SwFr 30 to SwFr 4,505 and Zurich Insurance SwFr 75 to SwFr 5,575.

Other firm gains included a SwFr 50 rise to SwFr 8,700 for Sandoz, SwFr 30 to SwFr 3,300 for Ciba-Geigy and SwFr 50 to SwFr 8,600 for Jacobs Suchard.

In transports, Swissair shed SwFr 10 to SwFr 1,445, while engineering issue Oerlikon-Bührle was also lower, losing SwFr 20 to SwFr 1,430.

The Netherlands followed the Bundesbank interest rates cut but news of the move came after the close.

Speculation over the cut caused uncertainty in banking issues in Amsterdam. ABN fell Fl 4 to Fl 518 ex-rights, while Amro was unchanged at Fl 87.50 and NMB added 50 cents to Fl 217.

Demand was seen for insurer Amev, up Fl 8 to Fl 273 and Natned 90 cents at Fl 75.70. However, Aegon lost 70 cents to Fl 96.80.

Publishers were mixed with VNU Fl 1.30 lower at Fl 214.80 and Elsevier 40 cents off at Fl 130.60.

Stockholm prices were mainly steady in quiet trading, with Astra dropping SKr 25 to SKr 400.

Foreign interest was evident in selective blue chip buying. SKF put on SKr 2 to SKr 226 after higher second-quarter profits while Volvo lost SKr 3 to SKr 250.

CANADA

ACTIVITY again increased in Toronto with gold and oil shares at the head of general strength.

Lac Minerals traded C$⅜ higher at C$34⅞ and Dome Mines traded up C$⅛ to C$12½ on increased bullion prices, while among the oils, Coseka firmed 20 cents to C$3.15 and Dome Petroleum C$⅛ to C$7⅛ after both reported higher first-half earnings.

Montreal followed the trend with all sections posting modest increases.

SOUTH AFRICA

A FIRMER bullion price and steadier rand in Johannesburg tended to lessen apprehension ahead of last night's major political statement from President Botha and gold shares moved sharply higher. Vaal Reefs advanced R7.75 to R175.0, while Randfontein gained R5 to £191 and Anglo American 80 cents to R29.50.

Industrial shares were generally quiet, reflecting local economic and political conditions. Barlow Rand moved against the trend, firming 35 cents to R10.85.

TOKYO

Recovery gathers momentum

INVESTORS regained confidence in the market's underlying strength and share prices extended their gains in Tokyo yesterday, supported by buying of budget-related stocks and biotechnology issues, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei-Dow market average added 64.38 to 12,484.02. Volume swelled to 479m shares from Wednesday's 393m. Rises outnumbered declines 420 to 338, with 144 issues unchanged.

Speculative interest in Sanko Steamship and Japan Air Lines (JAL) shares appeared to calm down.

Sanko Steamship, moved to a liquidation post after it applied for court protection under the corporate rehabilitation law on Tuesday, closed Y2 lower at Y17 and topped the active list with 38.28m shares changing hands. The stock of the bankrupt tanker operator will be delisted in three months.

After losing Y1,410 in only two days, JAL, the nation's flag carrier, rebounded to finish Y60 higher at Y6,250. It had experienced heavy selling after Monday's Boeing 747 crash near Tokyo.

Buying interest in construction stocks remained strong, but the tempo was slower than earlier this week. Sato Kogyo, the second most active stock with 29.81m shares, gained Y12 to Y510.

Biotechnology stocks fared well, with Kanebo, the third busiest issue with 24.24m shares, finishing Y7 higher at Y518. Toray added Y20 to Y520, Sapporo Breweries Y32 to Y500 and Asahi Chemical Y36 to Y925.

Issues related to the Government's fiscal investments and loans programme, notably housing and related issues, attracted strong buying interest.

Shokusan Jutaku Sogo, the fourth busiest issue with a turnover of 18.9m, scored a daily limit gain of Y80 to Y495. Sekisui House, eighth busiest with 11.41m shares, jumped Y59 to Y888. Daiwa House rose Y57 to Y867 and Toto Y43 to Y848.

Asset-heavy stocks and financial issues advanced on a broad front. Mitsubishi Estate rose Y20 to Y924 and Mitsubishi Trust and Banking Y50 to Y1,230.

The Tokyo Stock Exchange suspended trading in the shares of Minebea and Sankyo Seiki awaiting confirmation of reports that Minebea, which holds a 19.1 per cent interest in Sankyo Seiki, had proposed a merger. Sankyo Seiki, a precision instrument maker, rejected the offer, but Minebea, a precision ball-bearing manufacturer, was reportedly prepared for a takeover bid.

Bond prices firmed, with securities houses, banks and trust banks stepping up buying amid growing expectations of lower interest rates worldwide.

LONDON

LOWER European interest rates gave London equities a boost yesterday with a broad range of leading issues closing around their highest levels for nearly two months.

Volume remained light overall, although there was concentrated activity in building and retail stocks which stand to benefit from reduced local mortgage rates.

The FT Ordinary Share index added 10.7 to 976.7, with the increase scored progressively during the session.

TI was the star performer in the engineering sector, adding 55p to 406p. Speculation that the company may be facing a takeover offer from Evered – which rose 10p to 253p – was behind the increase.

Gilts displayed a firmer tone, as the pound continued to show strength.

Chief price changes, Page 27; Details, Page 26; Share information service, Page 24-25

SINGAPORE

PROFIT-TAKING cut back early advances in Singapore, although key indicators closed marginally ahead.

Pan Electric was again the most active stock and added 13 cents to S$2.21, while Consolidated Plantations gained 4 cents to S$2.43 during busy trading.

Among banks, Development Bank of Singapore rose 4 cents to S$5.00 and Overseas Chinese Banking eased 5 cents to S$8.00. Rubber stocks were firmer with Highland and Lowland up 2 cents to S$2.37 and Kuala Lumpur Kepong ahead 1 cent to S$2.39.

HONG KONG

BANK and utility stocks led a late round of selling in Hong Kong which erased early gains and left the Hang Seng index 7.18 lower at 1,684.55.

A switch by institutional investors from banking to property stocks fostered the decline with Hongkong Bank under most pressure as it fell 15 cents to HK$7.60.

BRAZIL

Peaks hit on soaring confidence

RECORDS were broken in Rio de Janeiro and São Paulo on Wednesday, aided by better-than-expected first-half company results and recent statements of stronger government support for the Brazilian capital market, *writes Andrew Whitley in Rio de Janeiro.*

In Rio de Janeiro, normally the smaller of the two exchanges, the value of the turnover was Cr 2,656bn ($398m), more than double the previous record set last December after adjusting for inflation.

A rush by investors to beat a deadline to convert options into ordinary shares prompted the heavy trade and forced the stock exchange to extend its normal session by an hour. Most of the interest focused on shares in Companhia Vale do Rio Doce (CVRD), the state-controlled mining giant.

In São Paulo, the Bovespa index reached a new high of 42,631 as records were broken in the number of deals negotiated and the number of share options exercised, a fashionable instrument for Brazilian investors.

The value of deals in São Paulo was Cr 1,456bn ($218m), bringing the combined total for the day from the two stock markets to the equivalent of $616m.

Sr Eduardo da Rocha Azevedo, president of the São Paulo Stock Exchange, forecast that the boom would continue in the coming weeks. He attributed Wednesday's record business to the good results from many publicly quoted companies and to the Sarney Government's declared intention to utilise the stock markets to broaden the share base of state-owned enterprises.

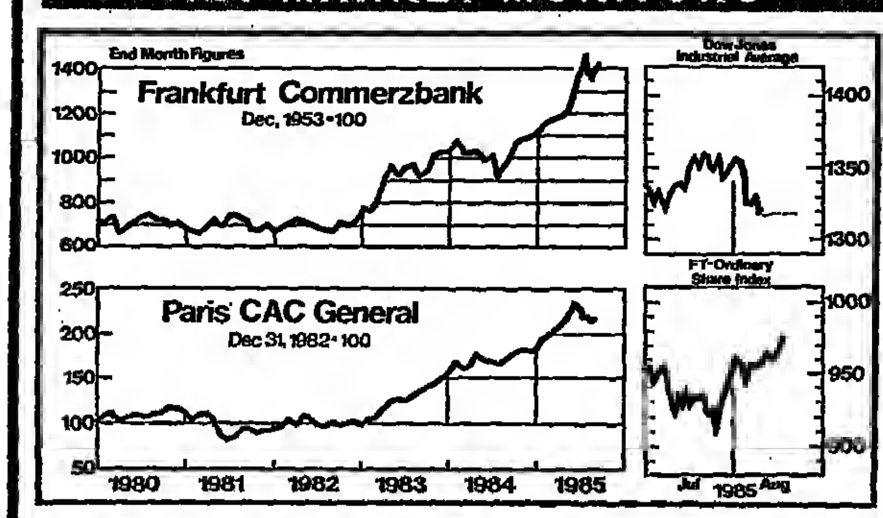
AUSTRALIA

BHP GAVE the inspiration for a burst of late enthusiasm in Sydney after a nervous start. A broad range of leading mining and industrial stocks edged forward to new peaks as the All Ordinaries index firmed 0.5 to a record 956.9.

Sustained buying of 2.6m shares boosted BHP 12 cents to A$7.12, while CSR added 2 cents to A$3.20 and North Broken Hill 2 cents to A$2.44.

Woolworths remained in demand as 2m shares moved through the market and the stock firmed 3 cents to A$3.55.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	Aug 15	Previous	Year ago
DJ Industrials	1,315.52*	1,316.98	1,198.98
DJ Transport	669.94*	674.16	512.56
DJ Utilities	156.80*	156.19	127.97
S&P Composite	187.01*	187.41	162.80
LONDON			
FT Ord	976.7	966.0	834.1
FT-SE 100	1,302.2	1,293.1	1,082.9
FT-A All-share	628.53	623.7	507.12
FT-A 500	685.96	680.74	549.84
FT Gold mines	330.3	329.6	561.8
FT-A Long gilt	10.26	10.3	10.48
TOKYO			
Nikkei-Dow	12,484.02	12,419.64	10,441.5
Tokyo SE	1,005.60	1,000.00	805.87
AUSTRALIA			
All Ord.	956.9	956.4	735.1
Metals & Mins.	550.6	553.3	472.6
AUSTRIA			
Credit Aktien	closed	97.41	53.18
BELGIUM			
Belgian SE	closed	2,320.44	–
CANADA			
Toronto			
Metals & Minls	2,067.8*	2,072.85	1,988.0
Composite	2,791.8*	2,783.13	2,326.0
Montreal			
Portfolio	136.47*	136.03	114.88
DENMARK			
SE	n/a	213.16	196.0
FRANCE			
CAC Gen	closed	216.0	162.7
Ind. Tendance	closed	122.9	86.9
WEST GERMANY			
FAZ-Aktien	483.95	481.67	339.92
Commerzbank	1,424.4	1,420.0	985.6
HONG KONG			
Hang Seng	1,684.55	1,691.73	918.83
ITALY			
Banca Comm.	closed	351.02	213.16
NETHERLANDS			
ANP-CBS Gen	215.1	218.1	161.1
ANP-CBS Ind	188.4	190.0	129.0
NORWAY			
Oslo SE	342.32	345.07	260.17
SINGAPORE			
Straits Times	753.49	751.56	952.35
SOUTH AFRICA			
JSE Golds	–	912.9	946.4
JSE Industrials	–	927.2	825.2
SPAIN			
Madrid SE	closed	110.65	96.16
SWEDEN			
J & P	1,324.31	1,342.01	1,515.67
SWITZERLAND			
Swiss Bank Ind	461.5	459.5	376.3
WORLD	Aug 14	Prev	Year ago
Capital Int'l	217.0	217.1	182.3

GOLD (per ounce)

	Aug 15	Prev
London	$331.00	$326.25
Zürich	$330.75	$326.15
Paris (fixing)	$328.17	$326.17
Luxembourg	$326.25	$326.25
New York (Oct)	$336.20	$330.00

* Latest available figure

CURRENCIES

	U.S. DOLLAR		STERLING	
(London)	Aug 15	Previous	Aug 15	Previous
$	–	–	1.396	1.385
DM	2.763	2.789	3.855	3.855
Yen	237.05	237.85	331.0	329.0
FFr	8.4425	8.5325	11.785	11.79
SwFr	2.265	2.301	3.16	3.18
Guilder	3.1115	3.143	4.345	4.34
Lira	1,852.5	1,873.0	2,586.0	2,588.5
BFr	56.0	56.7	78.20	78.35
C$	1.3545	1.3575	1.8915	1.8768

INTEREST RATES

Euro-currencies (3-month offered rate)	Aug 15	Prev
£	11 7/16	11½
SwFr	4 11/16	4¾
DM	4¾	4 11/16
FFr	12	12⅝
FT London Interbank fixing (offered rate)		
3-month U.S.$	8⅛	8 3/16
6-month U.S.$	8 3/16	8⅛
U.S. Fed Funds	8⅝*	8¼
U.S. 3-month CDs	7.75*	7.80
U.S. 3-month T-bills	7.155*	7.06

U.S BONDS

Treasury	Aug 15* Price	Aug 15* Yield	Prev Price	Prev Yield
8¾ 1987	99 25/32	8.94	99 24/32	8.94
10⅝ 1992	100 23/32	10.204	100 21/32	10.25
10½ 1995	100 23/32	10.352	100 22/32	10.39
10⅝ 2015	99 25/32	10.632	99 25/32	10.64

Corporate	Aug 15* Price	Aug 15* Yield	Prev Price	Prev Yield
AT & T				
10⅜ June 1990	100½	10.23	100½	10.23
3⅞ July 1990	83⅜	8.15	83⅜	8.15
8⅝ May 2000	83¼	11.05	83⅜	11.05
Xerox				
10⅞ March 1993	99¼	10.80	99⅜	10.80
Diamond Shamrock				
10⅜ May 1993	98⅞	10.85	98⅞	10.85
Federated Dept Stores				
10⅝ May 2013	92.70	11.50	92.70	11.50
Abbot Lab				
11.80 Feb 2013	101.632	11.60	101.632	11.60
Alcoa				
12¼ Dec 2012	100.746	12.15	100.746	12.15

Source: Salomon Bros

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT)				
8% 32nds of 100%				
Sept	76-08	76-20	76-02	76-07
U.S. Treasury Bills (IMM)				
$1m points of 100%				
Sept	92.88	92.98	92.85	92.92
Certificates of Deposit (IMM)				
$1m points of 100%				
Sept	92.19	92.30	92.19	92.27
LONDON				
Three-month Eurodollar				
$1m points of 100%				
Sept	91.90	92.01	91.88	91.97
20-year Notional Gilt				
£50,000 32nds of 100%				
Sept	112-12	112-18	112-09	112-07

COMMODITIES

(London)	Aug 15	Prev
Silver (spot fixing)	451.20p	452.30p
Copper (cash)	£1,023.50	£1,020.75
Coffee (Sept)	£1,689.50	£1,679.00
Oil (spot Arabian Light)	$27.425	$27.425